



From the  
Quarterly Journal  
of Economics

# The Nation's Business



Agriculture . Mining . Manufacturing  
Transportation . Distribution

Finance . Education . Professions  
Government . Altruism

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## "By Lawful Means"

On July 8 the Senate passed the Sundry Civil Appropriation Bill.

As passed it contained the following clause in precisely the same form in which it passed the House:

"Enforcement of antitrust laws: For the enforcement of antitrust laws, including not exceeding \$10,000 for salaries of necessary employees at the seat of government, \$300,000: *Provided, however,* That no part of this money shall be spent in the prosecution of any organization or individual for entering into any combination or agreement having in view the increasing of wages, shortening of hours or bettering the conditions of labor, or for any act done in furtherance thereof, not in itself unlawful: *Provided further,* That no part of this appropriation shall be expended for the prosecution of producers of farm products and associations of farmers who cooperate and organize in an effort to and for the purpose to obtain and maintain a fair and reasonable price for their products."

The bill is now in conference but this clause, agreed to in the same language by both Houses, will go to the President for his action without further change.

He signed the bill last year containing this identical clause but he publicly expressed his condemnation of it and stated that he would have vetoed this item could he have treated it separately. His action last year has proved no deterrent on its re adoption this year.

When this clause was reached for debate Senator Sterling moved to strike out the Provisos. By a vote of 41 to 17 (38 not voting) this amendment was laid on the table.

Senator Sutherland then moved to insert the words "by lawful means" after the words "having in view," in the first Proviso.

And this amendment simply providing that

these preferred organizations should not be prosecuted under this appropriation when they proceeded "by lawful means" to increase wages, shorten hours, etc., was REJECTED by a vote of 38 to 22 (36 not voting).

What then does this clause mean?

What does Section 7 of the Clayton bill mean?

If those who favor exemption of labor and agriculture from antitrust laws will not accept a restriction on the action of these combinations providing only that they must proceed to the accomplishment of their objects "by lawful means," how broad an exemption from equal enforcement of the laws do they seek?

By Section 18 of the Clayton bill termination of any relation of employment is not unlawful; "peaceful picketing" is not unlawful; the boycott and persuasion of others to boycott are not unlawful.

How much greater is the scope of exemption from law implied in the rejection by the Senate of the insertion of the words "by lawful means"?

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# THE NATION'S BUSINESS

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G. GROSVENOR DAWE  
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**R**EFERENDUM Number 8 on proposals for regulating Business Practices, was concluded July 9, at midnight. This Referendum and Referendum No. 7 on an Interstate Trade Commission, embody for the first time in the commercial history of America the definite expressions of business forces in all leading States relative to complicated legislation affecting business.

Those organizations that recorded their votes, whether favorable or unfavorable, on the recommendations of the special Committee of the Chamber on Antitrust Legislation, worked long and earnestly; for Referendum Number 8, touching on the general subject of business practices and the control of business practices by legislation was without question the most exacting referendum that has been put before the constituent bodies of the Chamber.

This Referendum has demonstrated the growing need of each constituent organization to maintain a committee on national affairs or national legislation; for each new Congress demonstrates more and more the intimate relation that exists between legislation in Washington and the every-day business affairs of every man. It will soon be realized that no local organization is properly equipped without a carefully selected committee to deal with national questions as submitted by the National Chamber, consider them adequately and serve as a guide relative to the vote of the constituent organization in referendum matters.

This Referendum has also demonstrated the increasing tendency of organizations and their committees to take the entire membership of the local organization into conference or into an actual referendum on the subject submitted. An instance of this occurred with the Reading, Pa., Chamber of Commerce whose Committee on National Affairs, after considering the referendum subject, took in printed form a referendum of the entire membership upon the recommendations of the local committee itself.

All labor and effort expended in arriving at the vote of a local organization has been well given to the Nation, for the referendum system is the only method yet devised for actually bringing into light the convictions of business men on business subjects without any regard to the remoteness of these men from the halls of Congress.

**A**S this issue of THE NATION'S BUSINESS goes to press it is impossible to foretell the exact outcome of the present proposals to legislate on trust matters. The center of discussion is now altogether in the Senate. There, both in committees and on the floor, the questions of trust legislation have been receiving more or less continuous attention.

The indications are that the Senate will decidedly favor the Newlands form of the Covington bill, creating an Interstate Trade Commission, and that there will be retained the important ideas relative to unfair competition which were embodied in the bill of Mr. Stevens of New Hampshire in the House, but never taken up in the House as part of its trust legislation.

The Committee on the Judiciary of the Senate has been working steadily over every feature of the Clayton Omnibus bill regulating business practices, and the Committee on Interstate Commerce has held hearings on the Rayburn bill relative to railroad securities.

The thought of the Senate seems to be gradually veering towards the idea originally expressed by Mr. Newlands of grouping all present trust legislation in one bill. It would not be surprising, therefore, if immediately subsequent to this issue of THE NATION'S BUSINESS, the Senate should proceed to evolve one bill only and thus avoid the delays and prolonged discussion caused by several bills and certainly avoid any duplication in scope that might characterize separate measures dealing with various phases of the one general subject.

The Rayburn bill may be modified in several features, as the hearings on it showed some almost unworkable details, if railroads are to retain any semblance of personal authority and responsibility.

**O**N page 5 appears an article entitled "Some Principles of Foreign Trade." This was delivered in the form of a speech by Mr. C. S. Donaldson, Editor of the Daily Consular and Trade Reports, issued by the Bureau of Foreign and Domestic Commerce, in the Department of Commerce. Every idea in the article is worthy of consideration by those who are interested in the promotion of foreign trade. The striking conclusions reached in relation to the comparative purchasing power of

various nations are full of reassurance. The challenge of the Oriental market, the possibilities of immense distribution through China, awakened to modern civilization—these are things that should arouse a response in the minds of our exporters.

Those portions of the speech that deal with co-operation and the mutual employment of commercial travelers are intensely practical. The methods that have been followed by the Bureau of Foreign and Domestic Commerce in carding information are made known by Mr. Donaldson and can be utilized by any concern looking for continuity in its promotion work. Particular attention is drawn to that portion of the speech which points out the neglect shown in relation to mail matter and the failure to affix the correct amount of postage on letters intended for foreign countries.

Taking the speech as a whole, it is full of suggestion and gives grounds for an optimistic spirit in relation to marketing our manufactured goods abroad.

**T**HE called reports relative to the Sixth International Congress of Chambers of Commerce and Commercial and Industrial Associations, were necessarily abbreviated, though they gave an impression relative to the seriousness and importance of this great gathering of business men in Paris in June. In this issue we include a report of the meeting, prepared by the President of this Chamber. This report indicates the valuable constructive influence which the regularly recurring Congress of Chambers of Commerce will have upon international business relations. It is particularly interesting to know that the American referendum method adopted by the Chamber of Commerce of the United States, will be adapted to the problem of effective work in the two year intervals between the sessions of the Congress. It will tend to make the Congress one of continuous influence and thus maintain interest, discussion and research between sessions.

In that section of the report which deals with unfair competition, it should be understood that this does not apply to that which is usually regarded as unfair competition in the United States. It is rather based upon the disloyal performances of employees who, either through bribery secure orders, or who divulge matters of particular importance to rivals.

The discussions in relation to checks drew attention to the fact that the facilities of check transactions are more widely used in the United States and in England than in any other portion of the world. The increasing adaptation of the check to business is considered internationally desirable.

It is impossible to read this report without becoming aware of the increasing nearness and relationship between nations. The interchanges of commerce, the necessity for uninterrupted traffic, the call for uniformity in best methods of transacting affairs, —all are calling insistently for increased international understanding and amity. The language of commerce is the language of peace.

**T**HE United States has not been the enduring home of any form of class-consciousness. Opportunity to rise is so distinctly the privilege in the United States, as to mark this country off as different from European civilizations. Here we have known no enduring social reverence to the unformed man as separate from the whole body of citizenship; no

humbling of labor before the foot-stool of gentry; no classes and masses, but one national body with all its elements entitled to honor and to praise for rising from humble beginnings to unembellished success.

**T**HE milk supply falling off of the milk supply of Milwaukee on July 2nd from 4,000 cans a day is submitted as evidence of concerted action by farmers in restraint of trade—the sort of thing which it is now proposed in Congress to make perfectly legal under the Sherman Act. This restraint of trade occurred in reference to a necessity of life of peculiar importance to helpless infants.

The attention of the Chamber of Commerce of the United States of America was drawn to the subject early in this month. We are now in receipt of a letter under date of July 13, from an official of the Health Department giving the history of the case. Relative to those portions of his letter which we quote below he makes the statements "based on opinion and belief only."

The circumstances of the case are these:—the city of Milwaukee passed a tuberculin test ordinance in 1906. Opposition immediately became apparent, and an injunction was secured, raising legal points which were finally carried to the United States Supreme Court. The city after having remained under injunction for approximately eight years was rendered free to enforce the ordinance on or about March 1st of this year. Notice was sent to milk dealers that they must secure milk from tuberculin tested cows. However, appreciating the difficulty of immediately testing all of the many thousand cattle which supply the city of Milwaukee the Health Department ruled that it would accept a signed statement from any farmer to the effect that he would test his cattle prior to May 1, 1915. Repeated notices were sent to dealers and shippers concerning this regulation, to be effective by July 1, 1914.

At a number of meetings held by farmers this ordinance was discussed and it was proposed to refuse shipment into Milwaukee if the measure was enforced. On July 1st, the Health Department turned back approximately 6,000 gallons of milk. On July 2nd, the milk supply of Milwaukee was practically cut off.

The direct quotations follow:—  
"On July and the Secretary of the Milk and Cream Shippers Association called up members by telephone explaining that the farmers would cut the Milwaukee milk supply down by 1,000 cans per day and ordering certain members of the Association to cease shipping out that day. This is denied by the Secretary.

Men representing the Association and the farmers, otherwise, most of whom are more or less closely connected with the Association, traversed the country in bugies to see that the boycott was maintained. Such farmers as desired to ship into Milwaukee were forcibly prevented from doing so by their neighbors.

Wholesale dealers (that is, men who transport farmers' milk from country districts into the city by wagon) were compelled to stop operating these wagons.

Shipping points, including railway depots, were watched and farmers turned back who attempted to send milk into the Milwaukee markets.

Farmers entered the city to check up receipts at the bigger dairy companies and to watch over the incoming supply for the obvious purpose of them stopping it at its source.

The Milwaukee milk shipments were reduced from approximately 4,000 cans to approximately 1,000 cans in two days. \*  
The Department is morally certain that a well planned conspiracy or boycott was established either through, or with the assistance of the Milwaukee Milk and Cream Shippers' Association as such, or through its members acting as individuals, and that farmers generally, whether members of this Association or not, entered into a conspiracy in restraint of trade."

# Referendum 8: — Regulating Business Practices

The Referendum which was concluded on July 9 related to the general question of business practices, included in the Clayton and Newlands omnibus bills, as apart from the general question of an Interstate Trade Commission. The votes cast were not antagonistic to the present attitude of the administration towards the principles involved in these two bills. By the two referenda taken on antitrust legislation the definite business opinions of the nation can be successfully approximated.

THE two referenda on trust legislation which have been based upon reports and labors of the Special Committee of the Chamber on Antitrust Legislation have had an extraordinary effect in enlightening the business men of the United States relative to the principles involved in the complicated subject of trust legislation.

The referendum pamphlets have necessarily been lengthy and have, by compulsion, dealt with subjects that called for legal phraseology and discussion, but both pamphlets have been so clear in the questions presented and in the supporting arguments relative to the recommendations of the Committee that nationally much clear opinion has come upon the subject of trust legislation and this has reacted to the clearing of the legislative situation in Washington.

The Referendum which closed July 9 called for a vote on eight definite recommendations and on five selective questions; therefore the labor in connection with the referendum was heavy for each organization that voted. The nature of the question also compelled some organizations to decline to vote. There were 55 such organizations, representing 155 possible votes.

Much of the disinclination to vote arose from the conviction on the part of organizations that the Interstate Trade Commission, the principles of which were submitted in Referendum No. 7, represented at present all the scope of antitrust legislation that these organizations considered wise at this time.

## NOTES ON THE VOTE

A general bulletin has been mailed to each member, either organization or individual, of the Chamber. It contains a completely tabulated vote for each organization voting.

An analysis of the tabulated vote shows no one portion of the United States at serious variance with any other portion of the United States in the general conclusions reached by this Referendum.

Among the organizations which speak for a trade, either national or local, with headquarters in New York, Illinois, Ohio, there were, in relation to question No. 1, only three votes opposed out of 122 cast.

Among commercial organizations serving localities, the Pacific States cast six votes opposed to question No. 1. The only two States that cast more than five votes against question No. 1 were California and New York. In twenty-nine States, the District of Columbia, Porto Rico, and in France, there was not a single vote cast unfavorably to question 1.

As proof, however, that no votes were cast without study, it is only necessary to direct attention to the varying number of votes in opposition recorded in the middle columns of this page.

The heaviest vote cast in opposition to any one single recommendation was that in relation to No. 4. An analysis of these votes in opposition does not indicate, however, that one portion of the United States is in opposition to any other portion, as will be seen by the following summary of the opposing votes on recommendation 4. California, 10; Delaware, 2; District of Columbia, 6; Illinois, 3;

## The Chamber's Attitude Defined

### On Ten Phases of

### Antitrust Legislation

ONE. There should be no attempt by statute to forbid discrimination in prices of commodities.

553 votes were cast; 531 were in favor and 22 against.

TWO. The proposal to compel persons controlling the product of mines to sell to all applicants "who may be responsible" is wrong in principle and unworkable in practice.

555 votes were cast; 547 were in favor and 32 against.

THREE. There should not be statutory prohibition of conditions accompanying sales and leases to the effect that buyers or lessees cannot handle or use the products of competitors.

549 votes were cast; 514 were in favor and 35 against.

FOUR. The final decree in an equity suit brought by the Government which establishes the existence or non-existence of a restraint of trade or of a monopoly should be conclusive evidence as to the general fact in private actions brought against the same defendants under the antitrust laws.

546 votes were cast; 484 were in favor and 62 against.

FIVE. Interlocking of Directors among competitive business corporations, including railroad corporations, should be prohibited regardless of the size of corporations, if elimination of competition among the corporations in question would constitute a violation of the Sherman Act.

532 votes were cast; 491 were in favor and 41 against.

SIX. Interlocking of officers and directors between railroads and industrial businesses with which they transact a substantial volume of business (for example in the relation of buyer and seller) should be prohibited except in such instances as the Interstate Commerce Commission may determine are not detrimental to the public interest.

527 votes were cast; 494 were in favor and 33 against.

NINE. Corporate ownership of stock, directly or indirectly, of competitor corporations should be prohibited if elimination of competition among the corporations in question would constitute a violation of the Sherman Act, except in such instances as the Interstate Trade Commission (or the Interstate Commerce Commission in the case of railroads) may determine are not detrimental to the public interest.

507 votes were cast; 432 were in favor and 75 against.

TEN. There should not be an attempt to regulate the shares of stock issued by corporations engaged in interstate commerce.

519 votes were cast; 445 in favor and 74 against.

## The Selective Questions

The following were the votes cast in relation to the five selective questions which were submitted by the Committee, three under question 7, and two under question 8 of the Committee's report.

SEVEN-A. Should interlocking of officers and directors between railroads and bankers with whom they have financial transactions be entirely prohibited?

210 votes were cast; 77 were in favor and 133 opposed?

SEVEN-B. Should there be legislative prohibition of such interlocking with a provision that a finding of the Interstate Commerce Commission to the effect that in a particular instance there was no detriment to the public interest would prevent illegality in that instance?

159 votes were cast; 64 were in favor and 95 against.

SEVEN-C. Should there be legislation in a form that would not pronounce illegal existing situations but would authorize the Interstate Commerce Commission upon finding a detriment to the public interest in any interlocking to order that it be terminated?

366 votes were cast; 324 were in favor and 42 against. (Carried)

EIGHT-A. Should the problems involved in preventing concentration of credit be referred for investigation and recommendation to the Federal Reserve Board or some other competent body?

487 votes were cast; 444 were in favor and 43 against. (Carried)

EIGHT-B. Should these problems be the subject of immediate legislation, for example, in the form of a prohibition of interlocking of officers or directors among banks in any banking question is of a certain size?

143 votes were cast; 38 were in favor and 105 against.

## Non-Voting Organizations

The following reasons were given by various organizations for their failure to return a ballot: Organization adjourned for summer, 10; did not care to vote, 8; not sufficient time, 7; opposed to further legislation, 5; no method of voting, 3; membership divided in opinion, 4; membership too scattered, 4; feared political possibilities, 4; absence of committee members, 3; destructive fire prevented vote, 2; not authorized to speak for members, 3; local activities prevented vote, 1; vote failed to arrive, 1.

(For the supporting statements of the Special Committee, members are referred to the Referendum pamphlets; and non-members to the last issue of THE NATION'S BUSINESS.)

Louisiana, 2; Massachusetts, 5; Missouri, 2; New York, 11; North Dakota, 1; Ohio, 3; Pennsylvania, 2; Texas, 5; Wisconsin, 7; total 62.

As a further indication of the very deliberate scrutiny given the entire Referendum pamphlet, it is well to consider the varying votes in the selective questions shown in the middle column; for it was 7-C that polled the needed number of votes to define the Chamber's position, while it was 8-A that carried in the case of the second selective question.

Announcements appearing in the press relative to the conclusion of Referendum 8 have conveyed the general impression that the referendum found the business bodies and the Administration in Washington opposed in views. This is an erroneous impression. It is true that in early statements put out relative to legislation for business control and for the condemnation of unfair business practices, the bills did forbid discriminations in price of commodities, and proposed to compel sales of mine output to all applicants who may be responsible, and did lay inhibitions on conditional sales and leases; but these features are in process of modification in the antitrust bills.

## Ballots Received Too Late

From ten organizations ballots were received too late to be counted. The organizations represented by these ballots are as follows:

THE NATIONAL HARDWOOD LUMBER ASSOCIATION, entitled to five votes, indicated it would vote in favor of recommendations I, II, III, IV, VI, IX, and X, and in favor of VII-C and VIII-A.

THE SIOUX CITY COMMERCIAL CLUB, Iowa, entitled to four votes, indicated it would vote in favor of recommendations I, II, III, IV, V, VI, IX, and X, and in favor of VII-B and VIII-A.

THE COMMERCIAL CLUB OF DULUTH, entitled to six votes, indicated it would vote against recommendations I and II and in favor of recommendations III, IV, V, VI, IX, and X, and in favor of VII-C and VIII-A.

THE BILLINGS CHAMBER OF COMMERCE, Montana, entitled to one vote, indicated it would vote in favor of recommendations I, II, III, IV, V, VI, IX, and X, and in favor of VII-B and VIII-A.

THE NATIONAL PETROLEUM ASSOCIATION, entitled to one vote, indicated it would vote against recommendations I, III, and X, in favor of recommendations II, IV, V, VI, and IX, and in favor of VII-B and VIII-B.

THE MEADVILLE CHAMBER OF COMMERCE, Pennsylvania, entitled to two votes, indicated it would vote in favor of recommendations I, II, III, IV, V, VI, IX, and X, and in favor of VII-C and VIII-A.

THE PHILADELPHIA CHAMBER OF COMMERCE, entitled to ten votes, indicated it would vote in favor of recommendations I, II, III, IV, V, VI, IX, and X, in favor of VII-A and VIII-B, and against recommendation VI.

THE NATIONAL WHOLESALE DRY GOODS ASSOCIATION, entitled to one vote, indicated it would vote in favor of recommendations I, II, III, IV, V, VI, IX, and X, and in favor of VII-A and VIII-B.

THE SIOUX FALLS COMMERCIAL CLUB, South Dakota, entitled to one vote, indicated it would vote in favor of recommendations I, II, III, IV, VI, IX, and X, and in favor of VII-C and VIII-B, and against recommendation V.

THE CITIZENS' ASSOCIATION OF MANITOWOC, Wisconsin, entitled to one vote, indicated it would vote in favor of recommendations I, II, III, IV, V, VI, IX, and X, and in favor of all three parts of VII and both parts of VIII.



# Changed Scope of the Trade Commission Bill

The inclusion of an "unfair competition" section in the Senate form of the Covington Interstate Trade Commission bill has led, in the Senate, to some enlightening discussions relative to what constitutes unfair competition. The idea of charging the Interstate Trade Commission with the task of bringing unfair competition to an end was not included in the House form of the Covington bill. Should the Senate retain this section, any attempt to add definitions to the Sherman Act at this session of Congress is improbable.

THE referendum of the Chamber on an Interstate Trade Commission was concluded May 29. This referendum was taken on the scope and intent of the Interstate Trade Commission as a whole and has proved valuable in indicating to Congress the opinions of thoughtful business men.

As stated in the June issue, the Committee on Interstate Commerce of the Senate of which Mr. Newlands is Chairman, promptly reported out the Covington bill on an Interstate Trade Commission, amended by substitution. Part of this substitution contained important elements of the bill introduced by Representative Stevens of New Hampshire, which had failed of favorable report to the House.

The far-reaching importance of the essential features of the Stevens bill as they were included by Senator Newlands in the Senate form of the Covington bill is this:—that unfair competition is declared unlawful and that, the Interstate Trade Commission is empowered in the first instance to prevent corporations from using unfair methods of competition. In other words, the questions of definition as applied to the Sherman Act are passed over because of the difficulty or impossibility of definition, and the Interstate Trade Commission is given power to deal with phases of unfair competition wherever found or wherever practiced.

This subject was not voted on in referendum No. 7, therefore in the following columns we have included the whole of the "unfair competition" section, and some adequate extracts from various issues of the Congressional Record to indicate the lines of argument that have been used in the Senate when this section has been discussed.

The legal argument of Senator Reed is understood not to express the convictions of the majority of the Senators. It is highly probable that the Interstate Trade Commission bill in its present form will receive the favorable vote of the Senate, particularly if there are added to it certain other features of the Newlands Omnibus bill, thus one piece of antitrust legislation taking the place of the three or four earlier proposed forms.

The parenthetical words in the following reprint of Section 5 are words that appear in the Stevens bill but are absent from the Newlands substitute. The words in italics are present in the Newlands substitute, but absent in the Stevens bill.

SECTION 5. That unfair (or oppressive) competition in commerce is hereby declared unlawful.

The Commission is hereby empowered and directed to prevent corporations from using unfair (or oppressive) methods of competition in commerce.

(That) Whenever the commission shall have reason to believe that any corporation has been or is using any unfair (or oppressive) method of competition in commerce, it shall issue and serve upon such (said) corporation a written order, at least thirty days in advance of the time set therein for hearing, directing it (said corporation) to appear before the commission and show cause why an order shall not be issued by the commission restraining and prohibiting it (said corporation) from using such method of competition, and if upon such hearing the commission shall find that the corporation has used or is using such method of competition in violation of this Act, it shall then and there issue an order restraining and

prohibiting the use of the same. The commission may at any time modify or set aside in whole or in part any order issued by it under this Act.

(That) Whenever the commission after the issuance of such (restraining) order shall find that such (said) corporation has not complied therewith, the commission may petition the District Court of the United States within any district where the method in question was used or where such (the said) corporation is located or carries on business, praying the (saying said) court to issue an injunction to enforce such order of the commission and the (such) court is hereby authorized to issue such injunction (and also in case of any violation of such injunction in the discretion of the court, to issue an order restraining said corporation from engaging in commerce for such time as said court may order).

Mr. ROBINSON of Arkansas. \* \* \* Originally "unfair competition" consisted chiefly of the expressed or implied representation that the goods or business of one man are the goods or business of another. Now, however, it is given a much broader meaning, and is not limited to mere infringements of trade marks, or to the use of marks, words, or symbols, not subject to exclusive appropriation by any one, yet designed to deceive the public and to obtain business by means of such deception.

\* \* \* Mr. William S. Stevens, of Columbia University, in an article called to my attention by Congressman Stevens of New Hampshire, who introduced this provision in the House, discusses the subject of "unfair competition" from an economic point of view, and classifies according to their elementary characteristics eleven forms of unfair competition as follows:

1. Local price cutting.
2. Operation of bogus "independent" concern.
3. Maintenance of "fighting ships" and "fighting brands."
4. Lease, sale, purchase, or use of certain articles as a condition of the lease, sale, purchase, or use of other required articles.
5. Exclusive sales and purchase arrangements.
6. Rebates and preferential contracts.
7. Acquisition of exclusive or dominant control of machinery or goods used in the manufacturing process.
8. Manipulation.
9. Blacklists, boycotts, white lists, etc.
10. Espionage and use of detectives.
11. Coercion, threats and intimidation.

The terms used fairly define without detailed discussion the various practices thus classified and undoubtedly embrace nearly all of the methods of "unfair competition" now in use. But with the abandonment or suppression of these, new devices will be found by some dealers by means of which to oppress their competitors. While we could expressly in this bill place a specific inhibition against the eleven forms of "unfair competition" as classified by Mr. Stevens, still it seems best to make the statute broad enough to cover all forms which may hereafter be adopted or devised as well as those now pursued and regarded as most objectionable.

\* \* \* It is our duty to make the legislation broad enough to prevent the necessity of again having to consider the same subject within a short time.

Nearly all normal business men can distinguish between "fair competition" and "unfair competition."

Mr. THOMAS of Colorado. \* \* \* I quite agree that unfair competition is not safely susceptible of specific definition any more than is the subject of fraud. An old chancellor said that it would never do to define fraud lest some rogue at once defraud the definition. We all know what fraud is when we are confronted with it; we probably know what unfair competition is when we are confronted with it; but there must be in each specific instance, whether the charge be of fraud or unfair competition, an examination of the facts and then the application of the general law to it. This means that unfair competition under this law must be determined by the facts of each individual case, which may or may not become a precedent for other cases either differing from or in many respects analogous to it. (Mr. Thomas's later remarks criticized severely the methods of securing court action without permitting a "day in court" to the corporation sought to be enjoined. He concluded as follows): It may be that the condition of business is such that it is absolutely necessary to invest a commission with power to make a decree which is not only final but not subject to appeal, and to grant the courts the power only to see that it is enforced. I do not believe the business conditions in this country, bad as they are and as I know them to be, have reached such a point as to justify legislation of that kind.

Mr. NEWLANDS of Nevada. \* \* \* Unfair competition is made unlawful. \* \* \* Unfair competition, it is claimed by many, has no legal significance. \* \* \* It is claimed that Congress has no power to evade that duty of legislation (to legislate as to what practices are under the condemnation of law) and to turn it over practically to the commission itself by declaring unfair competition to be unlawful and then leaving it to the commission to determine what practice constitutes unfair competition. Mr. President, our answer to that is that it would be utterly impossible for Congress to define the numerous practices that constitute unfair competition and which are against good morals in trade. \* \* \* Germany does not hesitate by law to condemn practices in business that are *contra bonos mores*. It leaves their tribunals to determine what practices are against good morals. \* \* \* It is no more difficult to determine what is unfair competition than it is to determine what is a reasonable rate or what is an unjust discrimination. The committee was of the opinion that it would be better to put in a general provision condemning unfair competition than to attempt to define the numerous unfair practices, such as local-price cutting, interlocking directorates, and holding companies intended to restrain substantial competition.

Mr. REED of Missouri. In addressing myself to this subject a few days ago, I asserted rather broadly that the term "unfair competition in commerce" had no definite or fixed meaning in law. I find that the statement which I made is broader than I intended to make it. I meant to say and I now say that "unfair competi-

tion" has no such meaning in the law as will embrace the objects and purposes of the author of this bill. If the term has no definite and fixed meaning, and if no definition is given, then it is void for uncertainty; but that is a phase of the question which I need not now argue. If, on the other hand, the term has a definite, fixed meaning, in law at the present time, that meaning will be incorporated into the statute, as all lawyers know, and if the meaning as it is now determined by the courts is different from the meaning which the author of the bill intended to give the phrase, then, instead of securing the legislation he desires, he would get something entirely different.

I assert now first, that where a term has a common law meaning, where it has been frequently construed by the courts, a statute thereafter passed and employing that term is held to employ it in the sense and with the meaning that it has previously been given by the decision of the courts. I have numerous authorities to that effect. (Mr. Reed then quoted from Lewis's Sutherland Statutory Construction, Second Edition, Vol. II, Par. 398; and also quoted from English and American Law and Cases, leading up to this statement): This phrase has a common law meaning. Its meaning is clearly set forth in the English decisions. The courts of this country have for years been in accord with the courts of England. In both countries the meaning of the term is held to only cover the practice of imitating the goods of another. That is therefore the meaning which would be carried into this statute. \* \* \* That is the English construction and it has for many years been the common law construction. It is at the same time the construction of this country of the term "unfair competition." \* \* \* All through these books you will find that "unfair competition" is used as a descriptive term to cover the substitution by A of his goods for the goods of B, selling his goods to the public or imposing his goods upon the public as and for the goods of another, thus defrauding the public and defrauding the producer of the particular line of goods that has an established reputation. \* \* \* With all the respect in the world for the Senator (Newlands) I tell him that if he writes this statute as it is now written, it is as certain as anything lying in the future can be, that when the courts come to construe it, they will take the meaning that has been attached to "unfair competition" by all of the courts of England and this country, that has been written into the digests, text books and dictionaries of the law, and he will find that he has accomplished nothing by his bill except to prohibit the imitation by one dealer of the goods of another.

(Contributions to the discussion of "unfair competition" have also been made by Senator Borah of Idaho, and others representing both the minority and the majority of the Senate. Discussions are probable daily. Senator Borah's speech which was exhaustive was delivered June 29, and will be found in its corrected form in the Congressional Record of June 30.)

# Some Principles of Foreign Trade

Before the Manufacturers' and Wholesale Merchants' Board of the Cleveland Chamber of Commerce, C. S. Donaldson, Chief of the Consular Division of the Bureau of Foreign and Domestic Commerce, and editor of the Daily Consular and Trade Reports, recently delivered an exceedingly valuable and suggestive address relative to "Some Principles of Foreign Trade." Naturally the introduction dealt with activities of Cleveland. The entire speech, however, is suggestive to every city and firm interested in foreign trade.

I learn from your secretary that Cleveland is greatly interested in foreign trade. This could hardly be otherwise in such a progressive city. I find from our census returns that while Cleveland is the "sixth city" in population it is the fifth city in manufacturing, although it was only eighth in 1899 and seventh in 1904. You are credited with having had in 1909, establishments numbering 2,148, manned by 84,728 employees, and producing \$271,660,833 worth of goods, the value added by manufacture being \$117,045,023. The increase in value of manufactured products from 1904 to 1909 was \$100,037,197 or 58.2 per cent. I find also that your manufacturing has become more diversified, and it appears that the range of your products available for foreign markets is growing larger. As to population it appears that in reaching the record of 560,663 in 1910, your rate of increase for the decade was nearly 50 per cent. The Census office has now issued its estimated populations of cities for 1913, and Cleveland is credited with 639,431, the rapid ratio of increase having been maintained. A little calculation shows that by continuing this rate of increase Cleveland in ten years more will be in the Philadelphia, Chicago and New York class, with over one million inhabitants. I trust that your foreign trade will more than keep pace with the rapid growth of your city.

Cleveland's exports are shown in our statistical records to have been in value \$16,202,240 in the fiscal year 1912 and \$20,986,009 in 1913. This is not a true index, however, of what you are making for people in other countries, as many such articles no doubt go out through seaboard ports and are credited thereto. I find, though, that Cleveland's port records for 1913, show exports of \$17,043 of canned vegetables, \$12,050 of manufactures of stone, \$52,341 of stoves, \$55,923 of glassware, \$102,461 of bricks, tiles and pottery, \$153,558 of grease and soap stock, \$243,700 of machinery, \$213,765 of pipes and fittings, \$7,001 of radiators and boilers, \$315,074 of steel rails, \$1,153,554 of sheets and plates, \$392,106 of structural iron and steel, \$825,585 of wire, \$105,146 of lumber and manufactures of, and \$5,327,170 of mineral oil and its associated products. This is an excellent showing, and one that indicates a large knowledge of the needs of people beyond our borders. Therefore those present who are past masters in exporting will kindly bear with me in some comments on a few of the principles involved in reaching foreign customers.

## FACTORY EFFICIENCY

The export trade in American manufactures is based primarily on factory efficiency at home. Competition abroad begins with the wise selection of raw materials and their evolution without waste of effort, time or money into highly finished and substantial articles. Perhaps you wonder why I mention this, which is an axiom even in manufacturing for domestic markets. We must overcome the competitive foreign output, based on low wages, by the

highest degree of skill and the most improved labor saving devices. This has been done in many instances and the American article made by \$3 per day mechanics has often outsold that made by the \$1 per day man abroad. A prominent manufacturer recently showed me his \$35 watch made in the United States by workmen earning \$3.50 per day, which did not vary one minute a month and which he compared favorably to the \$150 foreign hand made watch owned by a relative and on which workmen toiled ten hours daily for less than \$1. However, it is well known that many American factories are not keyed up to a high state of efficiency and therefore should not attempt to enter the foreign market where competition is keener than at home. The first step therefore in seeking markets abroad is to set one's factory in order. If it involves scrapping an old fashioned lathe, an out of date loom, or a boiler that is consuming too much coal, please remember (1) the lower unit cost, and (2) the survival of the fittest. It is a safe statement that there still remain many manufacturers in the United States whose products cost them so much that they cannot sell them abroad, and yet who could modernize their factories and methods in a way that would make easy sailing in foreign markets. Incidentally it would bring a better margin of profit in the entire sales sheet. History is constantly repeating itself where factories are obliged to revamp or go out of business. Why wait for such a distressing day? Overproduction also often forces the weakest manufactory to the wall. An effective panacea for disposing of surplus outputs is to find new customers in other countries. A long time ago we often heard it called "dumping," and the term has not become obsolete. It had the saving grace of introducing us to new markets and introducing other peoples to our excellent wares. It helped to make "Made in America" popular. Reciprocal relations with foreign merchants developed and more regular business followed, until now the export trade is a highly specialized feature. Deliberate efforts and systematic campaigns, however, have met with large success, of which I shall say more further. The point I want to make here is that the foreign market is practically an unlimited one, and that it is not, in the larger sense, dispossessing another fellow of his customers.

## STANDARDIZATION

American manufacturers lead the world in standardization of product. I may safely say that this has been the greatest single factor in our export trade development. It may be compared to a well drilled company of soldiers putting to flight a whole regiment of irregular, undisciplined troops. By standardization, the cost of production is lowered, the sales system is simplified and the customer knows exactly what to expect.

You have thus evolved a system that marks American leadership in industrial production and with it marked progress in the economic civilization of the world:

We have, however, a good many complaints from consuls that come under the heading of standardization which in one respect may not be an unmixed blessing. Illustrating this point I would cite a paragraph from a recent report by Consul Baker, of Bombay, on Indian Trade in Iron and Steel:—

"It has often been noted by those conversant with the Indian markets for iron and steel that American manufacturers' lack definite and persistent policy as regards endeavoring to secure business over here. At certain times, especially when conditions in the United States may be temporarily depressed, American manufacturers seem eager to get business here and they will not accept orders at other times, while they may still solicit business yet when it comes to them may turn it down either on the ground that the orders can not be conveniently filled or that the prices are too low.

The effect of such inconsistent and changeable policy is that Indian consumers are inclined to show mistrust and unwillingness to enter into business relations that they know from past experience are liable to be temporary and not permanent. Local engineering firms and contractors in submitting tenders for important public works prefer to do business with countries where there is more stability in prices and in disposition to do business. They like to feel some assurance that if they begin to place orders for iron and steel of certain definite specifications from any particular firm and perhaps standardize such products in undertakings to which they commit themselves, they will not eventually become left in the lurch by an inconsistent or changeable policy on the part of the firm they originally take up with.

Another apparently well-founded complaint is that when American firms get a small order for some special product according to particular specifications—such, for instance as metal steel window frames, sashes, and doors for some building about to be constructed—they often seem to fail to appreciate the real significance of the order, and that if executed at reasonably low prices it may be the commencement of the particular contractor and then perhaps other contractors making large further orders in the future and practically standardizing the American quality, sizes, styles, etc."

## LUXURIES MADE AVAILABLE

Looking at this question as a whole it is clear that these two factors of the most modern mill and shop equipment and standardization of product have together made the luxuries of the rich in former days available for the comfort and pleasure of the masses of today. No man with willing hands and mind need now wear the hoddan gray of Bobbie Burns, nor yet eat dandelion-greens—from the wayside. With the former expenditure for the hoddan gray a stylish factory suit can be obtained, while everything in the canned goods line is available at a modest price ready for serving.

Where foreign trade especially ties into this point is the fact that of the one and a half billion people in other countries fully one billion enjoy almost none of the comforts with which we are familiar. India has over 300 million people and there is scarcely a modern bathroom in the entire empire. China, with a still larger population, is in like position. The scale of living and wage recompense are still low in Asia, but these are potential markets. Forces are at work which spell progress. A decade ago who would have predicted a Chinese Republic? When I came into this service of Government aid to export trade

nine years ago our consuls in India were emphatic in stating that modern agricultural implements could not be sold there. Today we do not say that they probably can be sold but that they are already being sold in India. Incredible things are happening every day. Wages in Japan, though still low, have doubled in the past decade. At least 20 cents per day has been added to the average daily income of the man in Japan. That country's total foreign trade has increased from \$70,000,000 in 1891 to over \$500,000,000 in 1913. Her imports of foreign goods have increased from \$1.40 per capita to \$10 per capita. As the wage scale moves up the purchasing power of a nation moves with it. The heaven is slowly but surely working throughout Asia and wonderful changes will occur there during the next decade. Now add only 20 cents a day to the income of the 160,000,000 families in all Asia and you have an increased spending power of ten billion dollars a year. This is not a mere hazard, but very much below what Asia's increased purchases should be less than a generation hence.

## COMPARATIVE PURCHASING POWER

Let us make a few comparisons of the purchasing power of some other undeveloped regions. The imports of merchandise into the progressive little republic of Uruguay have reached in value \$50 per capita. Uruguay is a new country, and will buy still more in the future. A generation hence we should be selling to that country American goods to the extent of \$20 for every resident there or three times the trade we now have in Uruguay. The Commonwealth of Australia is buying foreign goods to the value of \$70 per capita, of which we furnish \$8 worth per capita. And Australian resources have been only slightly developed. Now we have some basis for considering the capacity of foreign countries to absorb industrial products of other lands. We may thus consider trade prospects in Asia. The 800,000,000 people there—just half the number in the world today—are importing foreign goods to the value of \$1,900,000,000 annually. That sum sounds enormous, and yet it is less than \$2.40 per capita, against Australia's \$70. Figure what it might be and what our share should be on the basis of their purchasing—only \$3 worth of American goods each year. The latter would aggregate \$2,500,000,000 or the amount we are now selling to the entire world. Our annual sales to Asia today figure out \$120,000,000 or only 15 cents per capita of Asiatic population. That big gap between 15 cents and \$3 is not so formidable when one considers the present awakening in Asia, and some things which have already been accomplished.

## OPENING INTERIOR MARKETS

The people on that continent are living a very simple life. For example, the Chinese dress in cotton and spend only about \$6 per year therefor. The millions toil in much the same way as they did in the time of Confucius. The simple life is all very

(Continued on page 14)



# Bureau of Foreign and Domestic Commerce

The following statements relative to the Bureau of Foreign and Domestic Commerce, the appropriations made for its extension and the new ideas involved in such extension during the fiscal year beginning July 1, 1914, show the first general response of Congress to the plans of Secretary Redfield for an enlarged and more influential Bureau.

As the constituent organizations of the Chamber have already expressed an opinion, by Referendum 5, dealing with the Bureau of Foreign and Domestic Commerce, the columns that follow include quotations from the Legislative, Executive and Judicial Appropriations bill just passed for the fiscal year 1914-1915, notes relative to Mr. Redfield's wishes as expressed to President Wilson and the attitude of the National Chamber.

## Appropriations: Personnel

"BUREAU OF FOREIGN AND DOMESTIC COMMERCE:—Chief, \$6,000; assistant chiefs—one \$3,500, one \$3,000; chief of division, \$2,500; assistant chief of division, \$2,250 (now paid \$2,500 from appropriation "Collating tariffs of foreign countries"); chief of division, \$2,000 (now paid from appropriation "Collating tariffs of foreign countries"); chief clerk, \$2,250; translator, \$2,000; stenographer to chief of bureau, \$1,600; clerks—nine of class four, six of class three, one \$1,500, fifteen of class two (increase of one, and two at \$1,400, and one tariff assistant, at \$1,400, now paid from appropriation "Collating tariffs of foreign countries"), fourteen of class one (one omitted and one now paid from appropriation "Collating tariffs of foreign countries"), fifteen at \$1,000 each, fifteen at \$900 each, three assistant messengers; two laborers; in all \$122,180."

## NOTES ON APPROPRIATIONS

The above appropriations provide for 89 employees in the Bureau, exactly the number now in the Bureau.

The organization of the Bureau up to June 30 of this year called for an appropriation of \$114,800 annually. Consequently, Congress has increased the total appropriation for the Bureau by \$7,380, but has not increased the personnel. The organization as proposed by Secretary Redfield called for 97 employees and an appropriation of \$142,130.

Notwithstanding the fact that the personnel of the Bureau remains the same in number, important internal changes will be made as recommended by Secretary Redfield in his letter to the President, July 15, last year: for those mentioned above as paid out of an appropriation for "Collating tariffs of Foreign Countries," are in addition to earlier duties also to be charged with investigating costs of production, as explained further down in these quotations from the bill.

In Mr. Redfield's plan for the Bureau he places (1) promotion work under the immediate supervision of the Chief; (2) collection of information under two assistant chiefs, one to be in charge of the investigation of costs and tariff work referred to. Under this assistant chief, charged with the collection of information, provision is made for a Chief of division of tariff and tariff relations.

The Second Assistant Chief of the Bureau would be in charge of the other classes of work under this group, namely, statistics, commercial attaches, commercial agents and consuls. It is to be noted that Congress has not provided for a Chief Statistician, though it was the

desire of Secretary Redfield to include such an officer in the Bureau at \$3,000 a year. While no chief statistician is provided for, the plan of the Secretary in placing statistics, etc., under one of the assistant chiefs of the Bureau is to consolidate all statistical work for all purposes of compilation and final checking of figures under one general direction. (3) Distribution of information in charge of a chief of division of commercial reports. This division would have entire charge of the method of presentation of all information collected by the Bureau, the preparation of monographs on special subjects, the editing, revising and issuing of publications, and the answering of all inquiries for information pertaining to the work of the Bureau. (4) Administration under a chief clerk charged with handling the general administrative affairs of the Bureau.

## THE CHAMBER'S ATTITUDE

The Committee on the Department of Commerce in its report of September 24, 1913, did not make any recommendations relative to the internal arrangements of the Bureau itself, as will be seen by the following quotation from the report:

"The personnel and the questions of salary are matters of administrative detail with which, in the opinion of the Committee, the Chamber, dealing with the questions of policy, should not attempt to deal."

## Appropriations: Promotion

"To further promote and develop the foreign and domestic commerce of the United States, \$75,000, to be expended under the direction of the Secretary of Commerce: Provided, That, not exceeding \$3,000 out of the sum hereby appropriated may be expended for the purchase of documents, manuscripts, plans, specifications, and other publications necessary for the promotion of our commercial interests: Provided, That out of the sum hereby appropriated there may be expended \$2,000 for the employment of an editorial assistant, and \$1,600 for an editorial clerk, in Washington, District of Columbia, to edit the reports of the field agents employed under this appropriation."

## NOTES ON APPROPRIATION

The appropriation for 1914, devoted to promoting commerce through commercial agents was \$60,000. In the Senate the appropriation mentioned above was raised from \$75,000 to \$82,000. This increase was lost in the conference between House and Senate relative to the final form of the bill. The item appropriating for an editorial assistant, etc., was added to the bill in the Senate and survived the conference.

The work of commercial agents will by reason of the above appropriation be somewhat extended during the year, and in view of the quotation further down, relative to appropriations for promoting commerce in South and Central America, it will be seen that Congress has provided for a valuable impetus to careful research work along various specific lines which have already, through bulletins and monographs, made the Bureau of

Foreign and Domestic Commerce a vital influence in relation to trade matters, domestic and foreign.

## THE CHAMBER'S ATTITUDE

The Special Committee of the Chamber on the Department of Commerce believed the appropriation for commercial agents in past years to have been inadequate. By referendum vote the Chamber stands for a material increase in the force of commercial agents because of the demonstrable value of their work. In the report of the Committee appears the following:—

"Commercial Agents perform functions of the greatest importance to the development of foreign trade. They are not accredited to particular countries or stationed in particular localities, but are sent out from the Department from time to time, as occasion or opportunity may offer, to study the foreign markets for American products and American manufacturers. They are selected as specialists and as men of practical experience in the particular field of American products or manufactures for which they are to study market conditions in foreign countries. The service is one of great value to the commerce of the United States and is by no means developed to anything like the extent to which progressive European countries have made use of it in the promotion of their foreign trade."

## Appropriations: Production

"INVESTIGATING COST OF PRODUCTION:—For salaries and all other actual necessary expenses, including field investigations at home and abroad, compensation of experts and special agents, to be employed in Washington, District of Columbia, or in the field, rental of quarters outside of the District of Columbia when required, purchase of books of reference and manuscripts, to enable the Bureau of Foreign and Domestic Commerce of the Department of Commerce to ascertain at as early a date as possible, and whenever industrial changes shall make it essential, the cost of producing articles at the time dutiable in the United States, in leading countries where such articles are produced, by fully specified units of production, and under a classification showing the different elements of cost of such articles of production, including the wages paid in such industries per day, week, month, or year, or by the piece; and the profits of manufacturers and producers of such articles; and the comparative cost of living and the kind of living; what articles are controlled by trusts or other combinations of capital, business operations, or labor, and what effect said trusts or other combinations of capital, business operations, or labor have on production and prices, \$50,000."

## NOTES ON APPROPRIATION

Secretary Redfield suggested an appropriation of \$100,000 for the above investigation work.

Part of the duties referred to above were formerly under the Bureau of Labor Statistics, when the Department was the Department of Commerce and Labor. Some of the duties were analogous to those of a tariff board or commission, but appropriations were lacking to make the performance of such duties effective. A quotation from the General Statutes of the Sixty-second Congress will

show that these duties were transferred to the Bureau of Foreign and Domestic Commerce for execution. The quotation follows:

"Those certain duties of the Department of Labor, or Bureau of Labor, contained in Section 7 of the Act approved June 13, 1888, that established the same, which especially charged it to ascertain at as early a date as possible and whenever industrial changes shall make it essential, the cost of producing articles at the time dutiable in the United States, in leading countries where such articles are produced; by fully specified units of production, and under a classification showing the different elements of cost, or approximate cost, of such articles of production, including the wages paid in such industries per day, week, month, or year, or by the piece; and hours employed per day; and the profits of manufacturers and producers of such articles; and the comparative cost of living, and the kind of living; what articles are controlled by trusts or other combinations of capital, business operations, or labor, and what effect said trusts, or other combinations of capital, business operations, or labor have on production and prices," are hereby transferred to and shall hereafter be discharged by the Bureau of Foreign and Domestic Commerce, and it shall be also the duty of said Bureau of Foreign and Domestic Commerce to make such investigation and report on particular subjects when required to do so by the President or either House of Congress."

Secretary Redfield received \$50,000 for the above purpose through the urgent deficiency appropriation for the fiscal year 1913, which was approved October 22nd, 1913.

## THE CHAMBER'S ATTITUDE

By Referendum 5, taken upon the report of the Special Committee on the Department of Commerce, the following portion of that report was approved: "The large appropriation which the Secretary of Commerce states that he intends to request for the purpose of carrying on tariff investigations by the Bureau of Foreign and Domestic Commerce does not come within the scope of this Committee, as the Chamber is on record, through a Referendum carried by an overwhelming vote, in favor of the establishment of a permanent tariff commission, and by the By-Laws it is incumbent upon the Board of Directors to take action to make this referendum vote effective."

In view of the above statement, it is appropriate to include herewith the exact form concerning which an affirmative referendum vote was cast. 715 votes were in favor, 9 were opposed, 36 states were represented and three divisions other than states. The total membership of organizations voting in favor of a permanent tariff commission was 113,389; the total membership of the organizations opposed to a permanent tariff commission was 930. The Permanent Tariff Commission proposed:

## ORGANIZATION OF COMMISSION

1. That the appointment of the commission, following the usual procedure, be vested in the President with the advice and consent of the Senate.
2. That in order to make the commission an effective administrative body the number of commissioners should be limited, preferably not more than five.
3. That the term of office of members of the commission should be sufficiently long to give the board stability and permanency, preferably six years, and the terms of members should expire in rotation as in the Interstate Commerce Commission.

(Continued on next page.)

## Bureau Appropriations (Continued)

4. That a provision should be made for minority representation as in the case of the Interstate Commerce Commission, where not more than three of the five members shall be of one party.

### POWERS OF THE COMMISSION

1. To gather, investigate, and tabulate technical and statistical facts of all kinds pertinent to the tariff schedules, both in this and other countries.

2. The reports of the commission should be confined to ascertained facts and should exclude recommendations unless called for by the body having power to institute tariff legislation. The information secured by the commission should be available to either House of Congress and to the President.

## Appropriations: Commercial Attaches

"COMMERCIAL ATTACHES, DEPARTMENT OF COMMERCE: For commercial attaches, to be appointed by the Secretary of Commerce, after examination to be held under his direction to determine their competency, and to be accredited through the State Department, whose duties shall be to investigate and report upon such conditions in the manufacturing industries and trade of foreign countries as may be of interest to the United States; and for one clerk to each of said commercial attaches to be paid a salary not to exceed \$1,500 each; and for necessary traveling and subsistence expenses, rent, purchase of reports, travel to and from the United States, and all other necessary expenses not included in the foregoing; such commercial attaches shall serve directly under the Secretary of Commerce and shall report directly to him, \$100,000."

### NOTES ON APPROPRIATIONS

Secretary Redfield in his letter to President Wilson relative to the reorganization of the Bureau of Foreign and Domestic Commerce fully outlined his idea of the commercial attaches and the institution of such a service as these men could render. It was his hope that a lump sum appropriation of \$150,000 would be made, of which \$61,000 would be divided among 14 commercial attaches, according to the rank of the country or region to which assigned, as follows: 3 at \$5,000 each; 4 at \$4,500 each, and 7 at \$4,000 each. One clerk for each of the fourteen commercial attaches at \$1,500 annually called for an additional appropriation of \$21,000, or a grand total of \$82,000 for commercial attaches and their clerks. The balance of \$68,000 was to be used for necessary traveling and subsistence expenses, etc.

Congress has placed \$100,000 at the disposal of Secretary Redfield without defining any rates of salaries to be paid to commercial attaches, thus giving him freedom to utilize the entire appropriation in the most effective way possible to produce results.

The Secretary's announced opinion relative to these attaches is that they "should be men of demonstrated commercial ability and experience, speaking the language of the country to which they are accredited, or a language current in commercial circles therein. Preference would be given officers of the consular service and the Department of Commerce, or other branches of the executive service who had unblemished records, or who had shown marked ability in commercial promotion."

The headquarters for the fourteen districts into which the world is divided by Secretary Redfield in his original proposal, were as follows: London, Berlin, Paris, Vienna, Buenos Aires, Tokio, Pekin, Lima, St. Peters-

burg, Rio de Janeiro, Santiago, (Chili), Rome, Johannesburg, Melbourne.

The parliamentary evolution of the above quoted paragraph in the Appropriation bill indicates that Congress was not unanimous in freeing the commercial attaches from the control of the Civil Service, or in having the attaches directly under the control of the Secretary of Commerce.

CHANGES:—With reference to the item of \$100,000 for commercial attaches, contained in the Legislative, Executive, Judicial Bill, as originally proposed, these attaches were to be appointed by the Secretary of Commerce, without examination under the Civil Service rules. This entire item was stricken from the bill in the House on a point of order by Mr. Rainey. When the bill was reported to the Senate this item was restored in language identical to that used in bill as reported to the House. Mr. Smoot of Utah, before the passage of the bill, on June 15, amended this particular item by striking out the words "without examination under the Civil Service rules." On the same day the vote by which this amendment was agreed to was reconsidered on a motion by Mr. Owen (who voted for the Smoot amendment) and the words "after examination to be held under his (Secretary of Commerce) direction" substituted for the amendment offered by Mr. Smoot, thus requiring attaches to submit to an examination as to their fitness by the Secretary of the Department of Commerce. In this form this item was agreed to as the bill passed the Senate.

CONFERENCE DELAYS:—When the conference report was submitted to the House on June 27, this item (Amendment No. 212 in the conference print of the bill) was one of those on which the conferees were unable to agree. When the House considered this item of the conference report, on June 27, the Senate amendment providing for commercial attaches was amended by Mr. Rainey of Illinois to provide that the attaches be appointed by the Secretary of State—"under examination to be held under his direction"—accredited by him and report to him direct; in other words the purpose of the amendment was to take the commercial attaches out of the Department of Commerce and make them a part of the State Department.

SENATE INSISTENCE:—On June 29, when the action of the House was reported to the Senate, Mr. Martin for the Senate conferees moved that the Senate insist upon its amendment and disagree to the House amendment.

AGREEMENT:—In the second conference report on the items in disagreement of which the item of commercial attaches was one, the House receded from its amendment (as indicated above,—i. e., Mr. Rainey's amendment) and agreed to the Senate amendment, thus leaving the item of commercial attaches in exactly the same form in which it was agreed to by the Senate and the bill passed that body on June 15. On June 30 the Senate agreed to the conference report containing this item and the House on the same day also agreed.

### THE CHAMBER'S ATTITUDE

The Special Committee of the Chamber believed that the plan for commercial attaches "contains great promise for the development of American foreign trade and should have the support of the Chamber of Commerce of the United States."

The Committee recommended that there be four attaches for South America.

The Committee also recommended

that the commercial attaches be made subject to the Civil Service law, in the following words: "In order to secure the necessary stability in the force of commercial attaches and exempt their important work for the development of American foreign trade from the exigencies of politics and political change, your Committee recommends that their appointment and promotion be made subject to the Civil Service law."

"The desire of the constituent members as expressed by their referendum vote has prevailed in securing this important addition to the foreign commercial forces of the United States, but has not prevailed in the matter of civil service examination and appointment."

## Appropriations: S. American Commerce

"PROMOTING COMMERCE, SOUTH AND CENTRAL AMERICA: To further promote and develop the commerce of the United States with South and Central America, including the employment of experts and special agents in Washington, District of Columbia, and elsewhere, purchase of books of reference, reports, traveling and subsistence expenses of officers and employees, and all other necessary incidental expenses not included in the foregoing, to be expended under the direction of the Secretary of Commerce, \$50,000."

### NOTES ON APPROPRIATIONS

Secretary Redfield asked for \$100,000 for the above purpose, giving as his most urgent reason, the following: "The completion of the Panama Canal will greatly facilitate communication between the United States and the vast territory comprising Central and South America, and a special effort should be made by this country to develop its full share of this trade."

### THE CHAMBER'S ATTITUDE

Throughout the entire report of the Special Committee of the Chamber, stress is laid upon the commercial importance of Central America, the West Indies, and the southern continent. Recommendation C, unanimously reported by referendum vote, was in the following words: "A commercial agent should be regularly assigned to Central America and the West Indies."

Recommendation E read as follows: "The Secretary of Commerce should be requested to appoint a number of commercial agents to bring up to date such information as the Department already has concerning the Southern continent."

FOREIGN TARIFF NOTES:—The Bureau of Foreign and Domestic Commerce has printed in one pamphlet all references contained in the Daily Consular and Trade Reports from January to June, 1913, to foreign tariffs. It includes a list of proposed tariff changes in imports, duties, supplemental duties and export duties, bounties and drawbacks, customs regulations and restrictions, trade marks and patents. It is an admirable and useful summary of information on foreign tariffs and essential to those who are interested in exporting to foreign countries.

## German Chambers

IN the May issue of THE NATION'S BUSINESS appeared two references to a volume of 170 pages, prepared by Archibald J. Wolfe, put out by the Bureau of Foreign and Domestic Commerce, dealing with commercial organizations in Germany. One reference commended the volume to all secretaries and the other abstracted from the volume certain portions which would shed light on the constitution of German cartels.

Even a third reference will be inadequate to do justice to the remark-

ably complete character of this volume and to the light that it sheds upon the organized efforts of business men in the German Empire. Passing simply with mention, the fact that some commercial organizations in Germany run back to the middle ages, it is proper to draw attention of all commercial organizations in the United States to the marked differences which exist between chambers of commerce in Germany and chambers of commerce in the United States.

German chambers of commerce are regulated by the various states comprising the German Empire. This immediately sets them in a class apart from the commercial organization as it is developed in the United States.

The German chambers of commerce are strictly limited in their activities to the district for which they are organized. While there are certain parts of the German Empire, generally those less advanced industrially, for which no chambers of commerce have been organized, practically the whole Empire is divided into chambers of commerce districts. This indicates the highly organized condition in Germany as contrasted with the voluntary formation of chambers of commerce in the United States.

All persons paying taxes for carrying on trade are compelled to support the German chambers of commerce and are entitled to vote in the election of a council which bears the designation of "Handelskammer," or Chamber of Commerce. It must be borne in mind that in Germany only the council chosen by the registered business men, paying a certain trade tax, constitute the membership of the chambers of commerce, although, of course, in the broader sense every qualified voter is a member. In most chambers of commerce the voters enjoy equal and direct suffrage. In a number of other chambers of commerce there are two or three classes of voters, while some have a proportional system. Saxony has an indirect vote, the electors or voters choosing an electoral board which in turn elects the members of the chamber. The members of chambers of commerce are elected for six years; one-third retiring every two years. Supplementary elections may be ordered to fill vacancies.

These statements show that the chambers of commerce of the United States, dependent solely upon voluntary membership and altogether independent of support by taxation either local, state or federal, have retained to themselves an independent promotive power quite distinct from that in Germany.

From the above statements it will be seen that the expression "chamber of commerce" in Germany applies to what would be called in the United States a "board of directors." The chamber of commerce is not a club in which membership may be obtained by paying a stated annual fee and is not accessible to the larger membership except in the course of business.

The right to vote for members of a chamber of commerce in Germany may be exercised by either natural or artificial persons. Companies can exercise the right of suffrage only through authorized representatives.

The tax paid by the business men in Prussia, at least, to support chambers of commerce is based upon the amount of the trade tax which is fixed by the state. Certain municipalities have a special municipal trade tax and in such cases, with the approval of the Minister of Commerce, the municipal trade tax may be made the basis of a surtax collected for the support of the chambers of commerce.



# A Most Solemn Protest of Business Men

Because no uncertainty should exist relative to the attitude of Congress towards the desire of citizens to maintain the principle of equality before the law, and because the arguments for and against labor exemption will have deep significance in the development of American history, liberal extracts are here included from the Congressional Record of July 8, 1914.

**I**N the Senate on July 8, two endeavors were made to amend the proviso of the Sundry Civil bill which exempts from use against labor and agricultural organizations any part of the \$300,000 appropriated for the enforcement of the Sherman Antitrust law. The amendment, the discussions and the votes cast are here included, reprinted from the Congressional Record. The arguments used by various participants in the debate are of immediate interest and should be carefully considered by all who are interested in mastering the main arguments for and against this discriminatory legislation.

## Mr. Sterling's Amendment

Mr. STERLING. I move the following amendment: On page 121, beginning after the figures "\$300,000," in line 11, I move to strike out the remainder of the paragraph.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 121, line 11, after the numerals "\$300,000," it is proposed to strike out the provisos down to and including line 21, in the following words:

*Provided, however,* That no part of this money shall be spent in the prosecution of any organization or individual for entering into any combination or agreement having in view the increasing of wages, shortening of hours, or bettering the conditions of labor, or for any act done in furtherance thereof, nor in itself unlawful. *Provided further,* That no part of this appropriation shall be expended for the prosecution of producers of farm products and associations of farmers who cooperate and organize in an effort to and for the purpose to obtain and maintain a fair and reasonable price for their products.

Mr. STERLING. Mr. President the language of the provisos which this amendment proposes to strike out is identical with the language of the provisos contained in the sundry civil bill of last year. President Taft vetoed that bill on the ground that it was vicious class legislation, and that if standing alone and without being connected with any appropriation no one would doubt the unconstitutionality of these provisos exempting, as they do, labor and farmer organizations from prosecution. In other words, the provisos are a limitation upon the expenditures of the \$300,000 appropriated so that none of it may be used for the prosecution of these organizations under the antitrust law.

I do not propose, Mr. President, to enter into any discussion at length of this proposed amendment or of these provisos. The question was very thoroughly discussed last year, but at the time of the discussion here, and at the time of the vote here, it had not been discussed by the then President of the United States. I simply wish to call attention to and to read the communication of the President at the time of his approval finally of the sundry civil bill. He said:

### PRESIDENT WILSON'S VIEWS

I have signed this bill because I can do so without, in fact, limiting the opportunity or the power of the Department of Justice to prosecute violations of the law by whomever committed.

If I could have separated from the rest of the bill the item which authorized the expenditure by the Department of Justice of a special sum of \$300,000 for the prosecution of violations of the antitrust law,

(Continued on 4th column.)

## Congress Memorialized

WASHINGTON, D. C., June 23, 1914.

TO THE CHAIRMAN AND MEMBERS OF THE JUDICIARY COMMITTEE OF THE SENATE:

The Chamber of Commerce of the United States, representing five hundred and eighty-five associations, whose membership exceeds two hundred and fifty thousand individuals and concerns, by special and unanimous vote of its directors presents its protest against the provisions of Sections 7 and 18 of the Clayton Bill, which is now before your Committee.

It regards the questions involved as the most serious which have come to the knowledge of the Chamber in any proposed enactment:

1. It is urged by some that Section 7 only declares the law—that organizations for mutual help, without capital stock and not conducted for profit, are not now forbidden by the antitrust laws.

But this does not avoid the fact that on its face that Section affirmatively discriminates between classes of citizens. If such organizations are to be declared exempt, it should be declared that the antitrust laws should not be construed to "forbid the existence and operation" of any "organizations, orders, or associations instituted for the purposes of mutual help," and not merely "fraternal, labor, consumers, agricultural and horticultural organizations."

Why, should bankers, lawyers, manufacturers, and other associations for mutual help, which exist in great numbers, be discriminated against by being omitted in the enumeration?

2. Moreover it is argued by some that, the final clause of paragraph 1 of Section 7 (lines 14 to 17 of the Clayton bill) makes legal and prevents the prosecution of the organizations mentioned, when organized for the purpose of "mutual help," even though such organization (to that end) enact by-laws and regulations requiring their members to institute secondary boycotts or do other illegal acts; in other words, that neither the associations nor the members thereof can be prosecuted, no such organizations dissolved, no matter how vicious their general purposes or actions may be, if such purposes and actions tend to "mutual help." And in the enforcement of penalties, the most favorable construction of the Section must be given to the accused.

3. So, too, as to Section 18, the exercise of injunctive process in controversies between employers and employees is limited, as compared with the exercise of the similar power of the Court in controversies between two or more employers or other individuals.

Such distinction is utterly arbitrary, and based on no fair ground; for doing the same things, different persons ought to be enjoined or not enjoined, on exactly the same basis, regardless of whether they are employers or employees.

Moreover it has been said that, considering the diverse circumstances of every two cases which may arise, it should be left to the Courts to determine, under principles which have

been long established, what special acts are enjoined, and what are not, in any particular controversy, in order to avoid irreparable damage to the complainant.

One paragraph of Section 18 forbids (among other things) the enjoining of persons from "attending at or near a house or place where a person resides or works, or carries on business or happens to be" for the purpose of "peacefully persuading" a person to abstain from working. No person of intelligence fails to understand the import of this. It may be claimed that under this paragraph persons may arbitrarily enter upon the premises of a business place or residence and argue with any person therein, or do anything else in said paragraph defined; and that none of such acts shall be "held unlawful." But it has always been considered to be part of the liberty of a citizen to be let alone, if he desires it; and to walk the street, or sit in his home without being dogged or argued with unless he consents to be, and to be protected in that liberty.

It is submitted that there has been no such oppression of employees by the Courts of the country as to justify such a fettering of the arms of the Court in dealing with what often (as in the case of the Chicago Railway strike of 1894) not only paralyzes business and transportation, but the functions of the Federal Government itself.

4. It will be noted that one year ago today the President signed the Sundry Civil Appropriation bill, providing that certain funds should not be used for the prosecution of certain classes of offenders, but promulgated a vigorous statement expressing his displeasure with the provision, and assuring the people that it would not interfere with the enforcement of the law, and that he would veto the provision if presented as a separate act.

Despite this statement, the identical provision appears in the present Sundry Civil Appropriation bill before Congress. The bill never should be passed, or become a law with this vicious provision.

5. The position of the Chamber of Commerce has been fair and impartial, in respect to all the constructive policies of the present administration, and it has taken pleasure in creating public sentiment in favor of policies tending to the general welfare.

In this connection its attitude in relation to the Federal Reserve Act will be recalled, where its suggestions were constructive, and were recognized as aiding substantially in the perfection of the bill.

In the trust program, it has studied the questions involved through a Special Committee, sitting in Washington in the atmosphere of legislation, and has disapproved only those features which could not agree with knowledge and experience. In short it has endeavored to aid, and never to obstruct, wise and useful legislation.

But the provisions to which it now draws attention, propose for the first time to classify upon the Federal

(Continued on page 9, 2nd column.)

I would have vetoed that item, because it places upon the expenditure a limitation, which is, in my opinion, unjustifiable in character and principle. But I could not separate it. I do not understand that the limitation was intended as either an amendment or an interpretation of the antitrust law, but merely as an expression of the opinion of the Congress—a very emphatic opinion, backed by an overwhelming majority of the House of Representatives and a large majority of the Senate, but not intended to touch anything but the expenditure of a single small additional fund.

I can assure the country that this item will neither limit nor in any way embarrass the actions of the Department of Justice. Other appropriations supply the department with abundant funds to enforce the law. The law will be interpreted in the determination of what the department should do, by independent and I hope impartial judgments as to the true and just meaning of the substantive statutes of the United States.

This is about all I care to say, Mr. President. I was opposed to these provisos last year, and I am still opposed to them. I think, as the President says, they are unjustifiable in character and in principle. He declares, further, that this limitation upon the expenditure of this \$300,000 will not in any way deter the Department of Justice from enforcing the law. If that be true, then why have it in this bill as an exemption or as a limitation upon the expenditure? The limitation serves no other purpose than to mislead. It seems to me, Mr. President, that it ought to be beneath the dignity of the Senate or the Congress of the United States to put into a bill a provision that is unjustifiable in character and in principle and which will serve only to mislead, and that manifestly if not confessedly so.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from South Dakota (Mr. STERLING).

Mr. SUTHERLAND. Mr. President, this subject was very fully discussed by the Senate last year when a similar provision was written into the sundry civil appropriation bill. I myself discussed it at some length at that time, and I do not intend to repeat what was then said, but I do not want to vote upon the proposition to strike out the language without very briefly expressing my reasons for casting the vote which I shall cast.

## Mr. Sutherland's Remarks

I intend to vote for the amendment proposed by the Senator from South Dakota (Mr. STERLING). This provision is either an unnecessary and useless thing or it is a vicious thing—one or the other. If this provision means only that a labor organization shall not be prosecuted under the antitrust law for any legitimate attempt by combination or contract or otherwise to increase the wages of its members or to shorten the hours or better the conditions of labor, then it is a needless thing, because labor organizations have that right now. The labor organizations of the country have the right, and have always had the right, to combine for the purpose of increasing their wages. The members of a labor organization have a right to agree and to combine and to strike for the purpose of increasing the price which the thing they have for sale, namely, their work, will bring. No manufacturer has any such right as

(Continued on page 9, 1st column.)



# Against Unjust Discrimination in Proposed Law

The Directors of the National Chamber and members of its Special Committee on Antitrust Legislation met in Washington June 23, to take such steps as were deemed best relative to the recording of a solemn protest on behalf of the membership of the National Chamber against the labor exemption clause in the Sundry Civil bill, and Sections 7 and 18 of the Clayton Omnibus bill.

## Congress Memorialized

(Continued.)

that. Manufacturers are forbidden to combine for the purpose of raising the prices of their commodities. The right of the workmen to combine together for the purpose of enhancing the price of what they sell—to restrain full competition in the field of labor—already puts them in a favored class before the law; and rightfully and justly so. The antitrust law does not reach such a combination, because labor is not an article of commerce.

Mr. HUGHES. Will the Senator from Utah permit a question?

Mr. SUTHERLAND. Yes.  
Mr. HUGHES. I will say that I agree fully with what the Senator has said up to this time, but the proposition that the Senator makes was not always admitted, and has not been admitted upon the floor of the Senate until very recently; in fact, according to my information, it has not been admitted by the Senator or by any man who voted against this amendment until the Senator just admitted it. It was because it was not admitted that that amendment was offered. I am glad the Senator does admit it.

Mr. SUTHERLAND. Mr. President, the Senator from New Jersey is in error about that. I have personally always conceded it, and always believed in it, and expressly so stated in my remarks a year ago. I have never heard it seriously doubted. I do not recall any decision of a court which has held the contrary. But, however that may be, the rule is recognized now beyond any question whatever, that labor organizations have a right to exist; they have a right to combine for the purpose of increasing their wages or bettering their condition or shortening their hours of labor. It is a right which they ought to have, and a right which nobody concedes to them more freely than I do. Men have a perfect right to organize labor unions, and if they can not obtain what they regard as fair wages or fair hours of work or proper conditions, they have a right to quit work, and they have a right to strike. All of that they have a right to do under the law as it is now. If this provision means nothing more than that, then I say it is absolutely needless; but if it means that labor organizations having come into existence are given the right to combine with one another for the purpose and with the effect of restraining interstate commerce, then it is vicious.

Mr. President, we do not undertake to prosecute organizations of capital simply because they are organizations of capital; we do not undertake to prosecute organizations of merchants simply because they are organizations of merchants. Capital has a right to organize; it has the right to carry on legitimate business; capitalists have the right to do that; and they can not be prosecuted unless they enter into such combinations or perform such acts as are intended to restrain or do restrain trade among the several States. That is declared by the antitrust act to be an evil thing; and if it is an evil thing, if it is a wrong to restrain trade among the States of this Union, what difference does it make who commits the wrong? Is it not as great a wrong for a number

statute books the citizens of the country, as to liberty of action and organization; and it enters its most earnest protest, and begs that you will not approve a course which it believes will be disastrous in its results, and go farther to create general dissatisfaction and distrust than any other form of legislation which could be enacted.

The Chamber believes it to be self-evident that all persons should stand and be treated alike before the law, and under the processes of the Court by which the law is enforced. Acts which are criminal in one person should not be innocent in another. If the acts are innocent, no person should be liable; if the acts are criminal, every person should be liable. There is no escape from this by declaring that labor is not a "commodity," nor is the labor (by brain or hand) of the manufacturer or banker a "commodity." But a secondary boycott by labor affects some commodity; and it is the brains of men and not commodities which conspire. It is the threats of individuals, whether employees or others, against which an injunctive process may now protect the citizen. No just distinction can be drawn in such a case.

6. A year ago, on the question of the rider to the Sundry Civil Appropriation bill, forbidding the use of certain funds for the prosecution of certain classes, the Chamber took a referendum of its member-associations. The result was 669 against such rider, and 9 in favor of it,—a practically unanimous vote, which fairly represents the feeling of the country on this general subject so far as the Chamber has been able to get it.

We invoke your thoughtful consideration of this most important subject, and ask that you eliminate from the bill this dangerous classification, which is sought to be established for the first time by act of Congress.

A. H. MULLIKEN,  
Acting President.

## Resolution of Board of Directors

WHEREAS in response to Referendum No. 3 this Chamber by a vote of 669 to 9 declared itself opposed to legislation which places the laborer and the farmer under a different rule of law from the merchant, manufacturer and miner, and

WHEREAS the Sundry Civil Bill now before the House contains the identical clause which in the same bill of last session was the occasion of Referendum No. 3, and

WHEREAS the Clayton Bill to regulate Trusts and Monopolies, which has now passed the House and is before the Senate, contains clauses discriminating in favor of associations and organizations of laborers, agriculturists, horticulturists and consumers and the members thereof, and

WHEREAS these clauses in the said Clayton Bill constitute the second step in the progress of legislation which is arraying the employer against the employee, the farmer against the merchant, the horticulturist against the

manufacturer, the consumer against the producer, and is not only wrong in principle but so harmful and far-reaching in its effects as in our judgment to gravely endanger the stability of a government founded upon equal rights to all men, and

WHEREAS it is the duty of this Board under its Constitution and By-Laws to do all in its power to make the voice of the Chamber, as expressed in response to its referendum, heard and heeded,

## Now Be It Resolved:

1. That a memorial and protest be presented to the President of the United States.

2. That a memorial and protest be presented to the Judiciary Committee of the Senate inasmuch as no hearings are being held by that Committee.

3. That the Special attention of the constituent members of this Chamber be called to the fact as well as to the substance of the first of the clauses in the Clayton Bill above referred to,—a form said to be adopted because of its doubtful meaning,—some contending that it will legalize violations of the Sherman Act when made by certain associations and organizations therein referred to and by the members thereof, while making unlawful the same acts when committed by all other associations and organizations or the members thereof;—others contending that it merely declares such associations and organizations not to be *ipso facto* conspiracies in restraint of trade, but does not legalize any act which they or their members may commit in violation of the Sherman Act or of any other law. If this clause is to be accepted as excusing the misconduct of the organizations named, it constitutes a partial repeal of the wise and comprehensive inhibitions of the antitrust laws. If it is to be construed as merely legalizing the existence of these organizations, it is useless because the antitrust laws do not challenge them. In either event, this clause is unwise, first, because it represents a distinct and affirmative recognition of one class of organizations when similar recognition for other organizations is denied, and this discrimination must prove as unfortunate for the first class as it is unfair to the other; and second, because the adoption of the clause would throw upon the courts the burden of interpreting the intention of Congress when Congress has obviously no definite intention, and thus tends to discredit and cast odium upon the Courts. Moreover, the clause unquestionably furnishes embarrassment to the Executive Department in the impartial enforcement of the law.

4. That a copy of these resolutions and of the memorials above referred to be sent to each member of the Chamber,—constituent and individual,—with the earnest request that such steps be promptly taken by them as they may deem proper in support of the spirit and purpose of these resolutions.

of workmen to combine to violate the antitrust law as it is for a number of capitalists or a number of manufacturers to do the same thing.

We must look at the quality of the acts that are performed, not at the quality or the calling of the persons who perform them. We make no such distinction about other offenses. Murder is murder by whomsoever committed; larceny is larceny by whomsoever committed; and restraint of interstate commerce is restraint of interstate commerce by whomsoever committed.

I think that this provision goes further than being merely a useful thing. The provision is:

*Provided, however, That no part of this money shall be spent in the prosecution of any organization or individual for entering into any combination or agreement having in view the increasing of wages, shortening of hours, or bettering the conditions of labor.*

Let me pause at that point, because up to that point we have a clear proposition. We are not to prosecute, so far as this appropriation is concerned, "any organization or individual for entering into any combination or agreement," provided that combination or agreement shall contain one element, namely, that it shall have "in view the increasing of wages, shortening of hours," and so on. It makes no difference what the character of the agreement or the combination may be—however offensive in every other respect it may be, however violative of the antitrust law it may be—if it have in view the increasing of wages or the shortening of hours, it can not be prosecuted. Does the Senate of the United States want to write into the statute books a proposition of that kind? Then the provision continues:

Or for any act done in furtherance thereof not in itself unlawful.

The phrase "not in itself unlawful" referred to its immediate antecedent, means that for any act done in furtherance of this combination or agreement, provided the act itself is not unlawful, shall not be prosecuted; but the combination or the agreement itself, no matter what it may be in other respects, no matter how violative it may be of the law in other respects, can not be prosecuted under this appropriation if it has in view the increase of wages, shortening of hours, or bettering of conditions of labor.

Now I come to the next proviso, which reads:

*Provided further, That no part of this appropriation shall be expended for the prosecution of producers of farm products and associations of farmers who cooperate and organize in an effort to and for the purpose to obtain and maintain a fair and reasonable price for their products.*

Again, it does not make any difference what the effect may be upon interstate commerce. If they have cooperated and organized for the purpose of obtaining what they regard as a fair, reasonable price, then they can not be prosecuted. Suppose we were to substitute for the provision as it reads the words:

That no part of this appropriation shall be expended for the prosecution of lumber producers or manufacturers of steel who cooperate and organize in an effort to and for the purpose to obtain and maintain a fair and reasonable price for their products.

(Continued on page 10.)

(Continued on 4th column)

## Unjust Discrimination

(Continued.)

I think nobody in the Senate would accept an amendment of that character. Is it any more legitimate for an organization of farmers to co-operate than it is for an organization of lumber dealers to do the same thing? Both of these classes of people have the right to organize and combine, provided their organization and combination does not constitute a violation of the antitrust act. If it does, they should be prosecuted; and if a body of farmers or of horticulturists do the same thing, I should like, somebody to tell me why it is that they should not be prosecuted for violating the same law?

Mr. President, I hope that I never will be able to get my own consent to vote for so utterly indefensible a piece of class legislation as this provision would write into the law of the land.

Mr. WALSH. Mr. President, this matter, as has been stated, was very elaborately argued a year ago when the constitution of this body was practically what it is now, and I apprehend that every member of the Senate has quite definitely made up his mind concerning the wisdom of this provision in the bill. The discussion that has thus far been indulged in, it seems to me, is quite irrelevant to the matter now before the Senate.

The Judiciary Committee has under consideration now, and will soon report, the Clayton bill, when there will be presented the question as to whether or not these organizations should fall under the condemnation of the Sherman antitrust law. At that time, it occurs to me, it will be appropriate to address ourselves to the considerations to which we have now listened.

For the present, Mr. President, permit me to state, as I stated a year ago, that that is not the question at all. There are provisions made in other portions of this bill for the prosecution of any man who commits any offense against the laws of the United States. If labor organizations fall under the condemnation of the Sherman Antitrust Act, or if farmers' organizations are amenable to its provisions, there is ample provision made in the bill for their prosecution, just as there is ample provision made for the prosecution of any crime against the Government of the United States.

There is no exemption given by the bill to anybody who violates the antitrust law, no matter who he is; but, Mr. President, it is found that in the enforcement of the Sherman Antitrust Act the officers of the Government encounter great, powerful combinations of capital able to bring to their help as a defense in the actions brought against them unlimited resources, and we want to so equip the officers of the law that they will be able to meet them upon somewhat even terms. It is believed, and everybody recognizes that it is the fact, that the Department of Justice is otherwise amply provided with funds if, perchance, it should find that a labor organization has violated the antitrust act. That is all. It is simply a question as to whether we shall devote this money to the purpose of prosecuting those cases in which the powerful defense to which I have referred may be interposed, or whether we shall permit a considerable portion of it to be diverted, perchance to some purpose that is not at all within the contemplation of the act.

Mr. MARTIN of Virginia. Mr. President, I move that the amendment

be laid on the table. Let us have the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

The result was announced—yeas 41, nays 17, as follows:

YEAS—41.		
Ashurst	Kerr	Sheppard
Brady	Laure	Shively
Bryan	Lewis	Shively
Candlen	Martin, Va.	Simmons
Chamberlain	Martine, N. J.	Smith, Ariz.
Chilton	Myers	Smith, Ga.
Clapp	Newlands	Smith, Md.
Clarke, Ark.	Norris	Stone
Cummins	Overman	Swann
Hitchcock	Poincaré	Thompson
Hughes	Randall	Varadaman
James	Reed	White
Jones	Saulsbury	Williams
Kenyon	Shafroth	White

YEAS—17.		
Borah	Dillingham	Smith, Mich.
Brandegee	Nelson	Sutherland
Bristow	Oliver	Weeks
Burton	Page	Weeks
Catron	Perkins	Weeks
Cole	Pomeroy	Weeks

## NOT VOTING—38.

Bankhead	Johnson	Root
Burleigh	LaFollette	Sherran
Clark, Wyo.	Lee, Tenn.	Smith, S. C.
Crawford	Lee, Md.	Snodgrass
Cullerston	Lippitt	Stephenson
Fall	Lodge	Thomas
Fletcher	McCumber	Thornton
Gallinger	McLean	Tillman
Goff	O'Gorman	Townsend
Gore	Walsh	Warren
Gronna	Penrose	West
Hollis	Pittman	
	Robinson	

So Mr. SUTHERLAND's amendment was laid on the table.

[In addition to the yeas and nays recorded above, it is possible to understand also from some announcements of pairs, just what would have been the votes of certain of the non-voting Senators, had they voted. The pairs announced were:—

Owen and Sherman; Bankhead and Fall; O'Gorman and Gallinger; Hollis and Burleigh; Johnson and Gronna; Thornton and Clark; Thomas and Root; Walsh and Lippitt; Fletcher and Warren; Smith (S. C.), and Penrose; Lee and McLean; West and Lodge; Robinson and Townsend; Tillman and Goff; Pittman and McCumber; Lea and Crawford.

## ANNOUNCEMENTS

Mr. Thomas, Colo. "Nay."  
Mr. Warren, Wyoming. "Nay."  
Mr. Weeks, Mass. "I would like to announce that if my colleague, Mr. Lodge, were present, he would vote 'Nay.'"

Mr. Smith, Mich. If my colleague (Mr. Townsend) were present and permitted to vote, he would vote 'Nay.'"

Mr. Crawford, S. D., "Nay."

Mr. Hollis, N. H. "Yea."

Mr. Walsh, Mont. "Yea."

Mr. Lewis, Ill. I desire to announce the absence of my colleague, Mr. Sherman \* \* and to say that I am informed by his secretary that if he were here he would vote "Yea."

Mr. Saulsbury, Del. If Senator Tillman were present, he would vote "Yea."

## The Senate of the United States. Votes down "by lawful means?"

## Mr. Sutherland's Amendment

Mr. NEWLANDS obtained the floor. Mr. SUTHERLAND. Mr. President, will the Senator from Nevada yield to me? I wish to move an amendment to the same paragraph we have just had under consideration.

Mr. NEWLANDS. I yield.

Mr. SUTHERLAND. In line 14 on page 121, after the word "view,"

I move to insert the words "by lawful means," so that the provision will read:

That no part of this money will be spent in the prosecution of any organization or agreement having in view by lawful means the increasing of wages, shortening of hours, or bettering the conditions of labor.

The VICE PRESIDENT. The question is on agreeing to the amendment. All those in favor of the amendment will say "aye." (a pause.) Those opposed will say "no." (a pause.)

Mr. MARTIN of Virginia. Mr. President, I was going to move to lay the amendment on the table, but perhaps it is too late now. I understand the amendment was defeated. I should not make the motion, anyhow, in view of that.

The VICE PRESIDENT. The Chair has not announced the result.

Mr. SUTHERLAND. I ask for the yeas and nays.

The yeas and nays were ordered. Mr. ASHURST. I ask to have the amendment stated.

The VICE PRESIDENT. The Secretary will state the amendment.

THE SECRETARY. On page 121, line 14, after the word "view," it is proposed to insert the words "by lawful means," so that it will read:

Having in view by lawful means the increasing of wages, etc.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary proceeded to call the roll.

The result was announced—yeas 22, nays 38, as follows:

YEAS—22.		
Brandegee	Kenyon	Smith, Mich.
Burton	Nelson	Snodgrass
Catron	Norris	Sutherland
Cole	Oliver	Weeks
Cummins	Page	Weeks
Dillingham	Perkins	Weeks
Gallinger	Poincaré	Weeks

NAYS—38.		
Ashurst	Kerr	Shively
Brady	Laure	Simmons
Bryan	Lewis	Smith, Ariz.
Candlen	Martin, Va.	Smith, Ga.
Chamberlain	Martine, N. J.	Smith, Md.
Chilton	Myers	Stone
Clapp	Overman	Swann
Clarke, Ark.	Randall	Thompson
Hitchcock	Reed	Varadaman
Hughes	Saulsbury	White
James	Shafroth	Williams
Johnson	Sheppard	White
Jones	Shields	

## NOT VOTING—36.

Bankhead	Hollis	Pittman
Borah	LaFollette	Robinson
Burleigh	Lee, Tenn.	Root
Clark, Wyo.	Lee, Md.	Sherman
Crawford	Lippitt	Smith, S. C.
Cullerston	Lodge	Stephenson
Fall	Lodge	Thomas
Fletcher	McCumber	Thornton
Goff	McLean	Tillman
Gore	Newlands	Townsend
Gronna	O'Gorman	Warren
	Owen	West
	Penrose	

So Mr. SUTHERLAND's amendment was rejected.

[In addition to the yeas and nays recorded above, it is possible to understand also from some announcements of pairs, just what would have been the votes of certain of the non-voting Senators, had they voted. The pairs announced were:—

Owen and Sherman; Lea and Crawford; O'Gorman and McCumber; Hollis and Burleigh; Pittman and Gronna; Lee and McLean; Thornton and Clark; Thomas and Root; Fletcher and Warren; Smith (S. C.), and Penrose; Bankhead and Fall; Robinson and Townsend; Newlands and Lippitt; Gore and Stephenson.

## ANNOUNCEMENTS

Mr. Crawford, S. D. "Yea."  
Mr. Hollis, N. H. "Yea."  
Mr. Thomas, Colo. "Yea."  
Mr. Warren, Wyo. "Yea."  
Mr. Smith, Mich. If my colleague (Mr. Townsend) were able to vote, he would vote "Yea."

## Legislative Reference Bureau

AN appropriation of \$25,000 for the inauguration of legislative reference work in the Library of Congress was, as noted in the last issue of THE NATION'S BUSINESS, included in the Senate as an amendment to the Legislative, Executive and Judicial Appropriation bill just passed.

The members of the National Chamber will be pleased to learn that this item survived in conference and is part of the Appropriation bill, thus making a start in relation to a needed adjunct to the machinery of Congress. The fact that this appropriation does not yet involve the idea of "bill drafting" and that the appropriation is small will justify the members in returning to the subject at some later time so as to give full effect to the referendum, which was carried by 625 in favor, to 16 against.

Several members of the House were inclined to throw out this item from the bill because the conferees of the House were in disagreement with conferees of the Senate. Fortunately, however, several representatives rallied to the support of the amendment and it carried by 140 to 94. Some brief quotations from the debate will serve to emphasize again the importance of this action.

Mr. LENROOT of Wisconsin. \*

\* \* In every calling of life a man cannot do very good work unless he has the tools with which to do it, and tools are provided for every calling in life except to the lawmakers in the Congress of the United States. It has been the theory and the policy that Members of Congress can legislate without the facilities that they ought to have for legislating. All that this amendment does is to create in the Library of Congress a body of experts whose duty it will be to compile and index the various laws of the United States, of the States and of foreign countries for the use of Members of Congress. As illustrative of the condition that exists, I am a member of the Committee on the Public Lands. We have had hundreds of bills before that committee and during this entire winter I have attempted a number of times to secure a compilation of the public-land laws, so that the Committee in considering these bills might know, without spending hours and hours every time a question comes up, what the laws are upon the subject already enacted by Congress.

Mr. THACHER of Massachusetts.

\* \* \* This appropriation will enable the Library to have the constitutions and laws of all the countries of the world, and also to have the laws of the different states, ready for the Members of the House and the Senate for reference in preparing the important work before Congress, as the gentleman from Wisconsin (Mr. Lenroot) has very well explained.

Mr. GOOP of Iowa. \* \* \* I believe that the appropriation of \$25,000 is the beginning of a program that will cost a good many thousand dollars, but I believe it will be money very well spent. It will make the Congressional Library a real thing to a great many Members of Congress to whom at present it means practically nothing.

Mr. MURDOCK of Kansas. \* \* \* I want to say that I believe the time is coming when we will have a complete legislative reference bureau in this Capital and I expect the chairman in charge of this bill will support it when that proposal comes.



# Sixth International Congress of Chambers of Commerce

By John H. Fahey

President, Chamber of Commerce of the United States of America

THE Sixth International Congress of Chambers of Commerce and Commercial and Industrial Associations, held in Paris during the week of June 8th, was the greatest success in the history of the organization, and marked a new epoch in the international co-operation of business men. The attendance was record-breaking, over two thousand business men from all over the world being present. Some thirty-one countries were officially represented and the sessions in the famous Sorbonne, which were followed with great interest from day to day, were most impressive.

The United States was represented by about sixty delegates with ten delegates from the United States Government. Germany, Italy and Great Britain all sent large delegations, and France had the largest representation she has yet sent to a Congress.

## RULES FOR ADVANCE CONSIDERATION

The most significant features of the Congress were the harmony and goodwill which prevailed, and the adoption of a new code of rules to govern its future operation. Of the greatest importance in this connection was the agreement upon a method of advance consideration of all questions to come before future Congresses, somewhat along the lines employed in considering important questions in the Chamber of Commerce of the United States. A resolution was passed by the Permanent Committee, and endorsed with enthusiasm in the Congress itself, which will result in the establishment of a Permanent Bureau of the Congress at Brussels and questions to be considered by the Congress will be presented to all the organizations and the membership, long in advance of their assembling for the sessions. Under the plan to be followed, any organization can present to the Permanent Committee a question which it considers of international importance, and if the Permanent Committee approves of it, as such, it is to be printed and sent out at once to the bodies constituting the membership in all parts of the world. Each organization will be expected to express a preliminary opinion on the project and return the opinion to the central bureau at Brussels. These opinions will then be correlated and assembled in a blue book to be returned to all the members so that they may learn the views of their colleagues before final action. There will be no vote on these projects by mail. Action will follow in the Congress itself, after this preliminary study of the questions brought up.

It is generally agreed that the adoption of this plan marks a great step forward in the history of the Congress and will make it possible for delegates to come to future meetings with some authority from their organizations at home to take positions on the questions brought up. Moreover, it will eliminate from the Congress itself much unnecessary discussion and review, and will make for the disposal of more questions and more careful study of them.

## MORE EFFECTIVE WORK

This development is the direct outcome of the last Congress held in

Boston in 1912. Following that session, a considerable sentiment developed among the delegates for more efficient methods of future operation. It was felt that in the ten years of co-operation such great gains had been made and confidence had been so far established among the representatives of the various countries that the time had arrived to put the organization on a more effective basis. The American members of the Permanent Committee, under the leadership of Mr. Edward A. Filene, of Boston, presented proposals for a revision of the rules to the Permanent Committee over a year ago. The British delegation, headed by Mr. Faithfull Begg, of the London Chamber of Commerce, offered additional suggestions, and the German delegates also advanced certain proposals. The outcome was an agreement upon a new set of rules at meetings of the Permanent Committee, held in March of this year. At a session held in Paris preceding the Congress, the Permanent Committee felt that it was unwise to incorporate the details of the procedure for advance consideration of questions in the rules by the adoption of formal regulations, but, after long discussion, agreed to try the method suggested, and settled upon definite rules concerning application after trial had been made. This idea was finally accepted by the American and British delegates, although at the outset they preferred to have the matter settled by inclusion in the regulations.

## INTERNATIONAL AMITY

When the subject of the new rules came up on the floor of the Congress, a question was raised, concerning what was known among the delegates as the "American Proposal," by Mr. Gustave Porges, representing the Italian Chamber of Commerce of New York, and the New York Merchants' Association. He declared that the plan for advance consideration should be made a definite part of the law of the organization, but President Canon Legrand explained the resolution adopted by the Permanent Committee, and promised on behalf of the Governing Board that it would be employed hereafter and without delay. Thereupon Mr. Salmoiraghi, head of the Italian delegation, gave his hearty support to the idea, which was explained to the Congress by Mr. Edward A. Filene, of Boston, in a speech which evoked much enthusiasm. Senor Carlos Prast, of Madrid, followed with a speech of hearty accord, and promised not only the moral but the financial support of the Spanish delegation. Herr Kaempf, head of the German delegation, and President of the Reichstag, also warmly commended the plan and agreed that Germany would do its share and give its support, and M. David Menet, President of the Chamber of Commerce of Paris, followed suit in an interesting speech. Dr. Paul Hammerschlag, President of the Chamber of Commerce of Vienna and leader of the Austrian delegation, who was not present at the session when the rules were adopted, rose on a point of personal privilege the following day, and in a strong address commended the action taken as representing a great gain in international work for the progress of commerce, and heartily pledged the business men of Austria

to contribute financially to the forwarding of the work. Mr. Faithfull Begg, of the London Chamber of Commerce, also warmly recommended the plan.

This notable development proved to be one of the great incidents of the Congress and was a matter of satisfaction to the American and British delegates particularly who have worked hard for the adoption of this method of consideration.

It is anticipated that funds in addition to the present income of the Congress will be necessary for several years, to establish the permanent headquarters in Brussels and carry on the work which is outlined, and for this purpose subscriptions have been pledged from the leading commercial countries. It is believed that the work can be begun very soon.

## UNFAIR COMPETITION RESEARCH

Following the determination to work along these lines in the future, the Congress voted to take up in this manner, as one of the first questions to be considered, that of unfair competition. It is apparent that business men in practically all of the countries are of the opinion that the time has come when they should undertake to agree on some of the features of unfair competition which are at present causing friction and misunderstanding, and try to secure their elimination. A special committee was appointed some time ago to consider the matter and report to this Congress, and Mr. B. J. Shoninger, former President of the American Chamber of Commerce in Paris, headed a special committee which presented a report on the subject at one of the sessions. It is recognized, however, that the matter is so complicated and has so many different phases, that progress can be made only after careful study. It was therefore voted that a Committee should continue at work on it and should formulate proposals to be presented under the plan of operation adopted, to the business organizations in all parts of the world in the hope that an agreement can be reached on some points by the time of the assembling of the next Congress. A number of other questions of great importance are also pressing which it is hoped to have considered in the same way.

## THE OPENING DAY

The Congress was opened at ten o'clock, Monday, June 8th, in the grand amphitheatre of the Sorbonne with the Minister of Commerce and Industry of France as Honorary Chairman. Every seat in the immense amphitheatre was filled and the opening session was generally acclaimed as the most representative and impressive international gathering of business men ever held. M. David Menet, President of the Chamber of Commerce of Paris, welcomed the delegates in the name of the Paris Chamber and on behalf of the President of the Republic. M. Chassaing Goyon, President of the Municipal Council of Paris, extended the city's hospitality to the members of the Congress. M. Canon Legrand, President of the Permanent Committee, referred to the rapid growth of the congresses. He was followed by Monsieur Raoul Perret, Minister of Commerce, who extended an official welcome to the dele-

gates and declared the Congress formally open.

At the afternoon session of Monday, the Congress began its proper work. The first report dealt with the question of a fixed date for Easter, and a reform of the calendar. Mr. Stichel, one of the English delegates, insisted on the importance, not merely of resolutions, but of action, and the President announced that the Swiss Government had agreed to call an international conference to settle this question, which has a greater importance for Europe than for America.

Upon the question of unification of customs statistics, it was announced that the Belgian Government had summoned an international conference to formulate and publish a plan for a common terminology which had been approved by twenty-two nations. It should be said that the United States has not yet given its adherence to this statistical conference, and it should be called to the attention of our Government and the necessary steps taken for that purpose.

The subject of universal penny postage was also presented and the hope was expressed that each Government would begin to take action towards making the penny postage (for two cents postage) general, and it is expected that the international conference at Madrid will give this subject attention.

## COMMERCIAL ARBITRATION

The next subject on the programme was the report of M. Pozzi, of Italy, upon the subject of uniformity of legislation in arbitration proceedings to regulate disputes between the citizens of different countries. Several nations, through their leading commercial bodies, sent reports on this subject. It was pointed out by M. Pozzi that the existing means for settling differences by arbitration may be divided into four categories: (1) Obligatory legal commissions, such for example as commissions connected with stock exchanges; (2) Voluntary arbitration commissions created by Chambers of Commerce; (3) Commissions or simple arrangements for arbitration among the merchants or manufacturers of various branches of industry usually confined to the citizens of one country, such, for example, as associations in the cotton industry, in the grain business, etc.; (4) Arrangements for arbitration between citizens of different states, for example, dealers in cotton, publishers, grain merchants, druggists, etc. It was pointed out that these various arrangements for arbitration are not sufficient, to insure action in international cases. It was therefore suggested that international bodies, such for example as the International Cotton Federation, should be created. The proposal of the New York Chamber of Commerce to arrange for a federation of arbitration bodies was referred to, but it was pointed out that such an organization would be too general to have the knowledge for special cases. Probably the most effective means would be through special bodies united by a federal bond. From the international standpoint uniformity should be secured upon three fundamental points, viz: (1) the recognition of a compromise clause; (2) permission to allow

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## Sixth International Congress (Continued)

foreigners to act as arbitrators; (3) the execution in one country of arbitral judgments-decreed in a foreign country.

The general reporter finally proposed that the Congress pass the following resolution: That the Permanent Committee of the Congress convoke an international technical conference composed of representatives of Chambers of Commerce and industrial federations and associations, aided by lawyers from the various countries represented at the Congress, with a view to elaborating an international agreement for arbitration proceedings to settle disputes between the citizens of different countries; and that the Permanent Committee, after informing the French Government of this proposed draft, should request it to invite other nations to an international diplomatic conference whose object would be, on the basis of the draft prepared by the technical conference, to establish an international convention on the subject of arbitral procedure. After the subject had been discussed by delegates from various countries and certain amendments had been presented, it was decided to postpone further consideration until the afternoon session of June 9th.

### LEGISLATION ON CHEQUES

The next subject on the programme was a report on uniformity of legislation on cheques. Mr. Faithfull Begg, who presented the report, pointed out that the use of the cheque in England and the United States was so general and had been so sanctioned by law that it would not be possible to change the legislation in those countries. M. Henri Rau spoke of the great importance of the general use of the cheque in all countries, following the example of England and America, which would result in great economy. M. Heidebach, President of the American Chamber of Commerce in Paris, dwelt upon the advantages of the crossed cheque. The difficulty of inducing all countries to place a stamp equivalent to two cents in value was referred to and it was considered that this stamp would prove a hindrance to its use in countries where it was not generally employed. The Congress finally adopted unanimously the conclusions of the general report recommending uniform legislation upon cheques in all countries.

### INTERNATIONAL POSTAL CLEARANCES

At the opening session of Tuesday, June 9th, M. Varjassy presented a general report upon the subject of international postal cheques and postal clearances. After tracing the history of the use of the postal cheque in various countries, and declaring that a number of other countries would soon adopt it, Monsieur Varjassy asserted that the idea of creating an international service of postal cheques and clearances had arisen. The chief difficulties encountered are the determination of the money market and discount among the different countries, and to solve this problem it would be necessary to create an international clearing house. The postal cheque service should remain in close relations with private banks in order to affect those countries which do not have the postal cheque service. Monsieur Varjassy therefore recommended that the Congress adopt the following resolutions: 1st. That those countries which do not yet have an official service of postal cheques and clearances should

proceed to create such service as rapidly as possible; 2nd. That for international operations, the official service of cheques and clearances should enter into business relations not only with each other, but also with private banks or firms; 3rd. That the conditions connected with an international agreement, such, for example, as the conversion of different money values, rates of interest and all technical administrative details, should be made as uniform as possible, taking into account the sovereign rights of each state; 4th. That the various official clearance services form an international association in order to create an international organization in accordance with the principles employed for reciprocal discount by the international postal money order services, and that this question should be put upon the programme of the next congress, so that it may be treated not only from the standpoint of the postal service of cheques and clearances, but also in its relations with banks of issue, and define more clearly the role of the latter.

M. Heyn, of Germany, proposed an amendment to the third clause, pointing out that it would be very difficult to obtain a uniform organization in the different countries and recommended that an amendment be passed so that the credit of the governments in the international service of cheques and clearances could not be brought into the case, and that all postponement of payment on the part of the debtor be forbidden. The conclusions of M. Varjassy, with the amendment by M. Henri Rau, were unanimously adopted.

### NEGOTIABLE MERCHANDISE RECEIPTS

The Congress next listened to Mr. Henri Rau, who presented a report on the uniformity of legislation upon merchandise warrants or receipts with the object of facilitating, extending and giving a better guarantee of credit on merchandise. This would permit the creation of a document on which loans could be made, not only in the country of origin, but in all countries agreeing to such an arrangement. Such a document could be negotiated and renewed like commercial paper. The French system divides a document into *récépissé* and *warrant*, the former non-negotiable, the latter negotiable and discounted like ordinary commercial paper. M. Rau's recommendation that an international conference be called to obtain uniformity in merchandise warrants was unanimously adopted by the Congress.

### REVISION OF RULES

The Congress then proceeded to consider changes and additions to the rules of the International Congresses of Chambers of Commerce. The President remarked that the Permanent Committee had prepared a draft at its meeting in Brussels. This draft was adopted by the Congress, with the exceptions that the annual subscriptions give the right to send only one delegate, and that twenty-five francs should be paid for each extra delegate. As already pointed out, M. Porges proposed an amendment with a view to having the constituent members of the Congress consulted by mail during the interval between the congresses on important questions, and this proposal elicited the extremely interesting and fruitful discussion to which reference has already been made. Representatives from all the leading nations gave their hearty assent to the American proposal for interim consideration of questions by mail during the interval

between the congresses, and the President gave his assurance that the Permanent Committee would co-operate with all affiliated associations to make this extension of the labors of the Congress as valuable as possible.

At the afternoon session, consideration was given to the conclusions of the report on the subject of arbitration between citizens of different countries and the conclusions of M. Pozzi's report were unanimously adopted.

### STATUTES AGAINST COMPETITION

The question of international action against unfair and disloyal competition, on the basis of existing legislation was then considered. It was pointed out in the general report on this subject that the present legislation against unfair competition may be divided into three categories: 1st, the French system, a general statute based upon Article 1382 of the Civil Code; 2nd, the German system with legislation directed specifically against the various acts of unfair competition; 3rd, independent legislation which embodies features of both of the foregoing. It was remarked that the legislation upon this subject in one country was not respected in other countries, and that, consequently, international co-operation was necessary. As, however, the subject of "concurrency déloyale" is a very large one, comprising infringements of trade marks, trade names, marks of origin, corruption in commercial transactions, etc., it was decided at this time to recommend that action be taken by the congress only upon the question of commercial corruption, and that the general question of "concurrency déloyale" should be entrusted to a sub-committee for further study and report. Special legislation to suppress corruption should be made uniform in all countries, and should, on the one hand, be punishable by criminal statutes, and at the same time should permit civil action to enable the injured party to recover damages. Such special legislation should be so framed that an action may be brought not only by the Public Prosecutor of the various countries, but by societies or individuals.

### USING DAYLIGHT HOURS

At the morning session of Wednesday, Mr. Hammerschlag, in the name of the Chamber of Commerce of Vienna, rose to a point of personal privilege and declared that he wished to express his entire sympathy with the American proposal for mutual study and consultation by mail of all bodies composing the congress during the two years' interval which separates the meetings. The Congress then considered the report presented by Mr. Boettinger, of Germany, on the question of beginning and ending the working day an hour earlier during the summer months, that is, from the first of May to the first of October, to set the clock ahead one hour that work may be begun earlier in industrial and mercantile establishments, in order not only to profit by the saving of artificial light, but because of benefits to be gained from the standpoint of health and of the utilization of leisure hours after the day's work is over. The reporter called attention to the fact that this step could not well be taken without international consent, and therefore proposed that the Congress recommend action in each country with a view to its general adoption, and this proposal was unanimously carried.

### INTERNATIONAL GOLD RESERVES

Mr. Faithfull Begg then presented a

report on the subject of gold reserves for alleviating financial panics, and proposed that a reserve of fifteen million dollars be appropriated in each of six countries, viz., Germany, Austria, France, Russia, England and the United States. These reserves would be administered by an international commission and when conditions of panic following commercial crises appear in any one of these countries, it would be the task of the commission to send to the disturbed centre a sufficient supply of gold to relieve the situation. This proposal elicited considerable criticism and comment. Monsieur Raffalovich sent a letter to the congress urging that political and financial considerations would probably hinder seriously the execution of such a project, but recommending the importance of giving it careful study. Herr Kaempf, President of the Reichstag, expressed himself as favoring the principle of the report, but saw grave objections to keeping permanently unproductive in each country the sum of fifteen million dollars. He also declared that Italy should be included in any proposed international union for this purpose.

The Congress unanimously adopted a resolution recommending that the Permanent Committee retain on the order of the day for the following Congress the question of special gold reserves for relieving financial panics, and requesting the members of the Congress, during the interval, to study this question in each country as thoroughly as possible from an international standpoint in order to aid in binding more closely together all the nations of the world.

### TWENTY-FOUR HOUR DAY

M. Georg then presented a report on the subject of a twenty-four hour day, remarking that France, Italy, Belgium, Spain and Portugal have already adopted the twenty-four hour scale instead of dividing the day into two twelve-hour periods, and that Switzerland would be inclined to adopt it if the other countries immediately adjoining her would do the same. The importance of the twenty-four hour day to avoid confusion in railway time tables, the time of sending and receiving letters, telegrams, etc., was urged and the conclusion of the report, recommending that the Congress advise its adoption by all nations, was unanimously passed.

### INTERNATIONAL CUSTOMS STAMP

Following this was the report of M. Fermé who considered the question of the creation of a customs stamp to be applied to postal packages. This does not refer to small samples without value which are sent by post, or to what are known ordinarily as postal parcels, but applies to goods of small volume, but of more or less value which are sent by mail. As a great deal of time is lost by the opening of such postal packages by customs officials, it was recommended that a customs stamp be created which would obviate this delay. This proposal elicited a good deal of discussion, but the Congress finally voted unanimously in favor of the principle.

Two subjects which were upon the official programme were not discussed owing to lack of time. These were: (1) comparative study of insurance policies in international traffic, and, (2) a proposed uniform type of "bills of lading."

The Congress then adjourned.

(Continued on page 12.)



## Sixth International Congress (Continued)

### SOCIAL FEATURES

The social features of the congress were many and varied and were very successful. On the first evening of their presence in Paris, the delegates were entertained at a reception at Pré Catalan, in the Bois de Boulogne. Elaborate arrangements were made for the presentation of a comedy and ballet in the open air theatre, for band concerts and fireworks. Unfortunately, however, the weather was showery and although the programme was carried out with some success the rain interfered with it. On the second day ladies accompanying the delegates were entertained at a luncheon at the Elysée Palace Hotel by the ladies of the Parisian Committee, and in the evening a splendid entertainment was given at the Trocadéro under the auspices of the various foreign Chambers of Commerce having their headquarters in Paris. The following evening a brilliant reception was given by the City of Paris at the Hotel de Ville and was attended by some five thousand persons. On the following day the delegates were taken on tours about the city of Paris, and in the afternoon were entertained at a garden party by the Minister of Commerce. That evening occurred one of the most notable events of the week, the presentation of the opera, Samson and Delilah and the ballet from Coppelia at the Paris Opera House. The week ended with a trip by the delegates to Eprenay and Rheims and finally a day at the Palace of Versailles and the Aerodrome de Buc. The final event of the week's entertainment was a magnificent banquet given by the members of the Chamber of Commerce of Paris. The Americans were also entertained by Ambassador Myron T. Herrick, at a reception at the American Embassy. There was a large attendance, not only of the delegates, but of other Americans in Paris.

The social features of the week were amplified by a luncheon given by Mr. Edward A. Filene to leading foreign delegates, and by Sir Algernon F. Firth, President of the British Association of Chambers of Commerce, as well as a dinner by Mr. Hanning, President of the British Chamber of Commerce in Paris, and a luncheon by Mr. Heidelbach, President of the American Chamber of Commerce in Paris. The British and American delegates were the guests of numerous informal luncheons and receptions and the most cordial co-operation and good-feeling developed between them.

### Thackara's Comments

IN a letter from Hon. A. M. Thackara, Consul General at Paris, addressed to the Secretary of State, he speaks of the Sixth International Congress as being "epoch making," for thirty-one different nations were represented by about two thousand delegates. He speaks emphatically relative to the new method of getting at international opinion. He says—"I desire to emphasize one feature of the Congress which is of utmost importance and one which will be far reaching in its results—namely, a solemn promise from the President of the Permanent Committee, given in open session of the Congress, regarding the question of a universal referendum. The promise was obtained primarily by the unceasing efforts of certain members of the American delegation and by the co-operation of the British dele-

gates. As a result of the promise all questions of international interest will henceforth be presented by the Permanent Committee, to every chamber of commerce and industrial association affiliated with the Permanent Committee for criticism and comment. After the subject has been discussed by the members of the various associations the conclusions are to be forwarded to the Permanent Committee, which in turn will make a digest of the different opinions for and against the question, which will subsequently be sent out to the chambers of commerce and industrial associations at least sixty days before the meeting of the next International Congress."

### Social Insurance

The Ninth International Congress on Social Insurance is to be held in Washington from September 27 to October 2 of next year. This organization held its first Congress in Paris in 1889, only six years after the first social insurance law, that relating to sickness insurance, had been enacted in Germany; and only five years after the first accident insurance policy was enacted, also in Germany. The Congress of 1915 will be the first to be held in the United States. The following subjects will be considered:

Workmen's Accident Insurance and Compensation.  
Sickness Insurance including Maternity Insurance.  
Old Age and Invalidity Insurance or Pensions.  
Unemployment Insurance.  
Widows' and Orphans' Insurance.  
Existing Agencies Performing Social Insurance Functions.

The Secretary-General is Miles M. Dawson, Russell Sage Foundation Building, 130 E. 22nd St., New York City.

### Trade Press Associations

Manufacturers, sales managers, advertising men, editors of trade papers and publishers generally are invited to the Ninth Annual Convention of the Federation of Trade Press Associations to be held at Congress Hall, Chicago, September 24, 25 and 26. The Federation includes in its membership 250 of the leading class, trade, and technical publications of the country. It represents a capital investment of about \$40,000,000 and an annual expenditure for labor and executive detail of \$37,000,000 yearly. The general idea running through the Convention will be "Business Building through the Business Press."

### Itinerant Merchants

The Council of the City of Pittsburgh has before it an ordinance approved by the City Attorney "To regulate the conduct of itinerant wholesale or retail business of any kind whatsoever in the city of Pittsburgh, the payment of a license for same and a penalty for violating said ordinance." The amount to be paid by those conducting a transient wholesale or retail business is a license of two hundred dollars per month or any part of a month. The fine for violating any of the provisions of the ordinance would be not exceeding \$100 and in default of payment, imprisonment for not exceeding thirty days. This ordinance is aimed at itinerant peddlers who, without overhead expenses, and without taking any interest in community development, go from place to place, offering goods at prices that legitimate dealers cannot equal.

## Foreign Trade Council Completed

The Personnel of the Foreign Trade Council which was created by resolution of the National Foreign Trade Convention, is here announced.

FOR the purpose of co-ordinating the foreign trade activities of the nation in an aggressive and systematic extension of American overseas commerce, Mr. Albia B. Johnson, President of the National Foreign Trade Convention, held in Washington May 27th and 28th, announced on July 13th the personnel of the Foreign Trade Council, created by resolution of the several hundred delegates from all parts of the United States who attended that conference. Mr. James A. Farrell, President of the United States Steel Corporation, is named as the chairman, and all sections of the country, and practically all branches of industry, commerce, transportation and finance are represented among the members, the full list of whom follows:

Sam B. Capen, President, Business Men's League, St. Louis.  
J. A. G. Carson, Vice-President, Board of Trade, New York.  
E. A. S. Clark, President, Lackawanna Steel Company, New York.  
Walter E. Clark, Vice-President, Mill-Brook Pond Co., New York.  
Samuel C. Cull, President, United States Rubber Co., Providence.  
Maurice Coster, Foreign Manager, Western Electric & Manufacturing Co., New York.  
Robert D. Heller, President, Robert Dollar Ship Co., San Francisco.  
James A. Farrell, President, United States Steel Corporation, New York.  
John F. Fitzgerald, Chairman, Foreign Trade Committee, National Chamber of Commerce.  
P. A. S. Franklin, Vice-President, International Mercantile Marine, New York.  
Lloyd C. Grice, President, Illinois Manufacturers' Association, Chicago.  
Fairfax Harrison, President, Southern Railway Company, Washington, D. C.  
W. C. Hergert, President, Illinois Manufacturers' Association, Chicago.  
James J. Hill, Chairman of the Board, Great Northern Railway, St. Paul.  
E. N. Hurley, President, Hurley Machine Co., Chicago.  
Stan E. Jennings, President, American Manufacturers' Export Association, New York.  
Albia B. Johnson, President, Baldwin Locomotive Works, Philadelphia.  
D. W. Kempner, Galveston Cotton Exchange, Galveston.  
Cyrus H. McCormick, President, International Harvester Corporation, Chicago.  
Horton Myers, President, Chamber of Commerce, Norfolk.  
Chas. H. Muehnicke, Foreign Manager American Locomotive Company, New York.  
A. H. Mulliken, Jr., President, Pettibone-Mulliken Co., Chicago.  
Edmund C. Schenck, President, General Electric Co., Schenectady.  
William Pigott, Vice-President, Seattle Car and Foundry Co., Seattle.  
Geo. M. Reynolds, President, First National Bank, Chicago.  
Franklin D. Ring, former President, New York Produce Exchange.  
John D. Ryan, President, Amalgamated Copper Co., New York.  
W. L. Saunders, President, Ingersoll-Rand Co., Chicago.  
Chas. A. Schieren, Jr., President, Chas. A. Schieren Co., New York.  
Horton Myers, President, Simmons Hardware Co., St. Louis.  
Elison A. Smyth, President, Pelzer Cotton Mill Co., S. C.  
Willard Straight, President, American Asiatic Corporation, New York.  
H. P. Thomas, President, Mobile Chamber of Commerce, Mobile.  
H. P. Thomas, President, U. S. Steel Products Co., New York.  
F. A. Vanderlip, President, National City Bank, New York.

Robert H. Patchin, formerly Washington correspondent of the New York Herald, has been appointed Secretary of the Council. Temporary offices are at 71 Broadway.

Outlining the purpose of the Council, Mr. Farrell said:

"The next great era in the economic development of the United States will be the extension of our foreign trade, and the formation of the Foreign Trade Council is a necessary preparation for this evolution in our business life. By gathering active and representative business men into such a body and co-operating with all elements in our overseas commerce it is hoped to encourage every practical and sound policy designed to secure for us our share of the trade of the world's markets. The foreign trade of the United States is now valued at four and one-half billion dollars a year, of which two and one-half billion dollars represent exports. This trade has developed largely by reason

of our natural resources and the individual enterprise of American industry, but without an American merchant marine, comprehensive national policy or commercial and industrial co-operation. The foreign trade is important as affecting American industrial enterprise and labor at home. On the other hand, it is of large enough to absorb all our manufacturing potentialities."

The National Foreign Trade Convention at Washington, which was attended by 341 delegates, representing 72 manufacturers' associations, chambers of commerce and other commercial and industrial organizations, showed that American manufacturers, merchants, railroads and shipping interests earnestly desire a more systematic development of the foreign trade, through creation of a merchant marine, establishment of American banks abroad and governmental co-operation in foreign trade. The Convention unanimously adopted a resolution declaring that "the development of the United States makes it essential to the best interests of the Nation that the government and the industrial, commercial, transportation and financial interests should co-operate in an endeavor to extend our foreign trade." This will be the purpose of the National Foreign Trade Council. Greater prosperity through greater foreign trade is the basic principle of the movement.

The first meeting will be held in New York in the early fall and one of the first official actions will be the appointment of a committee to co-operate with a committee of the Chamber of Commerce of the United States of America. The Council will seek information and advice from manufacturers' associations and commercial organizations throughout the country. One of its most important duties will be the calling of and preparation for another national foreign trade convention in Washington during the early part of 1915, in which the systematic and practical discussion of foreign trade problems will be continued.

It is sought to arouse effective interest not only on the part of those directly engaged in export trade, such as manufacturers and trading houses, but likewise the agricultural, railroad and financial interests which benefit from stable maintenance of the nation's credit in international commerce.

### For Lumber Exporters

A type of the valuable work which the commercial organization can render to its members is furnished by a recent bulletin for lumber exporters prepared by the Foreign Trade Department of the San Francisco Chamber of Commerce. The bulletin is based upon an idea that the opening of the Panama Canal will enable the lumber exporters of the Pacific Coast to come into the markets of the West Indies, Europe and Africa. The bulletin contains a full list of lumber importers of all the leading foreign countries. Together with a very adequate list of the various importers of lumber in these countries, the bulletin indicates first, the language that should be used and second, the exchange value of money so that quotations may be made to the country in question in terms which the business man of that country can understand.

## Principles of Foreign Trade

(Continued)

well, but when it partakes of the crudities and discomforts of ancient life still existing in backward lands we are both business men and benefactors in introducing something better. Many people regard China and her people dubiously, feeling that they will never be able to buy many Western goods. They forget the virility and regenerative power of a nation that can throw off the deep rooted opium habit. Furthermore, those who have gotten thoroughly into that trade will tell you a different story.

An American consul has just returned from a trip into the interior Province of Shensi, and found—a month's journey from Hankow—a modern flour mill being established at Siaifu, much of its machinery being American, including an exhaust steam heater from Springfield, Ohio. The Government at Peking last week placed a million dollar order with a Connecticut firm for arsenal machinery.

One of our commercial agents recently made the trip from Peking by rail back to Kalgan, at the Great Wall. He was surprised to find a hustling agent of an American sewing machine company who was selling 35 to 40 machines each week in this town of 70,000 inhabitants. The sewing machine agent had just learned of a larger city a day's rickshaw journey distant, of which the outside world seemed to know nothing, and where he proposed starting a sales campaign. Our investigator also found the ubiquitous Standard Oil man at Kalgan, likewise the American cigarette salesman, both of whom were doing a profitable, permanent business. The Commercial agent believes that we can place large quantities of other American goods in Kalgan and throughout interior China, but states that it will have to be done in the same way. Heretofore most of our American manufacturers have refused to entertain the idea of such a sales system. Certainly some could not adopt it, while others could not do so single handed. To overcome this latter difficulty I have heard that a combination of canning interests is studying plans for a similar but joint comprehensive sales system. Into such a combination would possibly go Pacific Coast salmon, Eastern condensed milk, California peaches and evaporated fruits, certainly Boston baked beans, etc. In attempting anything like this, however, diverse or antagonistic interests should not be grouped. At this juncture the Government cannot help you. It can gather and disseminate information, but trade exploitation must be wholly in your own hands. The awakening in Asia has come, not only on the Pacific side, but on the vast Siberian plains, in fertile Turkestan, the old Mesopotamian valley and in Palestine itself. Jerusalem is now to have waterworks and sewerage, electric lights, and a trolley line through the streets and out to Bethlehem.

I have briefly alluded to a special field for commerce, not to cite trade openings there, but to make clear that the world affords unlimited markets for our industrial products. Asia is only one part of the world. Highly civilized Europe, which has taken our typewriters, adding machines, automobiles, sanitary goods, safety razors, hardware and numberless other items to the extent of millions of dollars, can be persuaded to make much larger purchases. Surely in time they will put in modern American barber chairs, substitute our laundry devices for the beating of clothes with a paddle by the

break, and so on. They will also want the many other things we are going to invent.

I just cited the case of Australia buying foreign goods annually to the value of \$70 per capita, against \$2.30 purchases by all Asia. But Australia still needs many more things from abroad, especially from the United States. As an illustration of this let me read to you the following from a recent number of the Sydney Herald:

## THE AMERICAN SYSTEM

"There is a growing inclination to introduce into Sydney's domestic architecture the American method of placing fixtures in all the rooms of the house. In fact, furnishing the cottage or the mansion to such an extent that the occupier will need little furniture, and the landlord will not have the walls destroyed and the place otherwise knocked about by the removal of large furniture. The American system is to provide as fixtures, wardrobes, washstands, cupboards, linen presses, etc. In fact, everything in the way of large furniture is a fixture in the house, and it is arranged on the latest and most up-to-date principle and to an artistic design. In fact, it resembles good furniture, and is a means of adornment in any house. The incoming tenant simply requires a table, and chairs for the dining room, and a bedstead, etc. for the bedrooms. Hot and cold water is provided in every room, and electricity is largely used for lighting and cooking. The floors are in perfect to form different degrees, stained and polished, thus doing away with carpets. A few dormers and a rug or two is all that is required. With a view of experimenting in this style of building homes for the people, a contract has been let in the office of Mr. Clarence Buckhouse, architect, to erect a block of flats at Neutral Bay for Mr. F. A. Thomas. These will be fitted out on the most up-to-date American style. In one or two other instances of building residences around Sydney similar methods are being employed."

## COOPERATION

A particular message which I would bring to you is that of cooperation and mutual helpfulness. We have it exemplified already on all sides. Your chambers of commerce have brought us together industrially and commercially for mutual benefit and progress, your national organizations have focused the power and influence of the strong separate units into a powerful concentration which has brought great achievements. This modern spirit of teamwork is in striking contrast with earlier civilization. In classical Greece the Marathon was a race of individuals, the arena provided combats between noted gladiators, while the rise and fall of Governments depended upon individual ambition. Everybody was for himself. In the world of today the vestiges of that thought and attitude mark only the unprogressive countries. The bull-fight and matador are evidence of a people's reduced power and influence among nations and lowered stability in domestic government. If a country where such a sentiment exists shows any development it is mostly accomplished by foreign enterprise. What wonder then, in the efforts by some regenerative influences to throw off the shackles of the individual a country must undergo a baptism of fire, battle and anarchy.

## COMMERCIAL TRAVELERS

In this chamber of commerce work you have stood shoulder to shoulder, with varying opinions and thought tempered and blended into composite action along conservative, resistless lines. I know of no more typical feature that characterizes the present life. The message to which I referred is that this cooperative spirit should be extended, for we have not exhausted its possibilities. If you would help one another in extending foreign trade greater things would be accomplished. It is a long distance across the Pacific or Atlantic, and to send a traveler there in search of business rep-

resents large expenditure. Primarily you are doing it for a certain firm. I would urge you there to let in a little more patriotism and cooperation by enjoining upon your commercial traveler that he is at the same time representing the United States and things American. He usually sees a great many trade openings not in his line. These might be communicated to his home firm for dissemination via your chambers of commerce to other concerns in position to take advantage of the openings. Or he might visit the nearest American consulate and apprise the consular officer, who would gather all the details possible and the information would go through our Government clearing house in Washington. In this connection all American commercial travelers who go abroad should make it a point to visit the United States consulates, where they will find a warm welcome and usually some valuable tips.

There is nothing new in this cooperative plan. It is simply the German idea, which has been so productive of results in throwing all trade possible to the Fatherland, and which has so greatly aided the empire in attaining its present industrial power and solidarity. In Germany commercial patriotism is pre-luminant, the Emperor himself taking a keen interest in the welfare of German trade. By our Teuton heritage we should continue and vivify all the best things of German life, making them serve as one of the means of our national success.

As one line of activity it might be feasible for the Cleveland Chamber of Commerce to keep a card roster of all commercial travelers allied to its membership who travel abroad, making a record of their movements and by a well arranged system obtain material benefits for the entire organization. Upon their return they might also present to just such a representative assemblage as honors this occasion their experiences and observations. This phase of patriotic teamwork ought to effect wonderful results for Cleveland or any other progressive city.

## GOVERNMENT TEAMWORK

You will pardon me if I refer to some teamwork we are practicing in Washington. The Department of Agriculture in seeking to improve the prosperity of the farmer, and the Department of the Interior in studying the geology of the land, the educational progress of the people, etc., follow scientifically into our scope of work. We welcome and confer with these experts in fibers, geology and mining, essential oils, industrial education, and what not. They help us work out many a problem. You will realize that our consuls in the field have multitudinous duties to perform, that they are not specialists, and that they are woefully short of clerical assistance, hence their contributions are at times diamonds in the rough. In presenting these diamonds to you in published form we are not able to polish them off to the last degree—a few flaws naturally remain—but by bringing all our own energy and research to bear, and consulting with the scientists in other departments, there has resulted a large degree of accuracy and thoroughness. An example of our cooperation which occurred in this month of May will probably interest you. The American consul at Bombay sent a report through the Department of State to the Department of Commerce that there was an epidemic of cotton fires in India, one fire alone having destroyed \$2,500,000 worth of cotton. Policemen aided by soldiers have closely patrolled the docks and warehouses, and the idea that the fires were of an incendiary origin was abandoned.

But the fires have been continuing, the insurance rates have doubled and business has been greatly disturbed. Substantial sums of money were offered to find out the cause of these fires. The consul's report was soon published in Daily Consular and Trade Reports. However, immediately upon receipt of the report the Department of Commerce got into telephonic communication with the Department of Agriculture's expert in the marketing of cotton and learned that their investigations in the United States had revealed the true cause of such fires: It seems that sparks get in the cotton at the gin, and are compressed in the bales where they smoulder for weeks until they finally break out into a disastrous fire. Knowing the cause of course the remedy is applied in closer watchfulness at the gin. This information was badly needed by India in order that these destructive fires might be stopped. The Department of Commerce therefore cut a lot of red tape and by telephone asked the Department of State if it would kindly cable the information to the consul at Bombay. The cablegram was sent within half an hour, and the people of India thus put in immediate possession of this valuable information. In a sense this was not an act of trade promotion, for the only thought was that of doing a kind turn for people in deep trouble, but kind deeds are never forgotten.

I would not have you think, however, that ours is the only Government bureau which works along cooperative lines. I am simply speaking of that with which I am most familiar.

Summarizing, I would therefore like to make more prominent in our business life the word "Cooperation."

## COURTESY

A kindred spirit to cooperation in extending foreign trade is courtesy. You well know that we Americans are not esteemed abroad in that respect, notwithstanding the fact that we may have a very few Lord Chesterfields globe-trotting off business or pleasure. Some may believe that genuine qualities of honest endeavor and trustworthiness will bring the most enduring success, but we will never have the chance to prove them unless the prospective customer be approached with that politeness of manner to which he is accustomed. It is likewise true in correspondence, for the art of business letter writing, with adaptation to the racial instincts of the man at the other end, not only helps along negotiations, but will develop in ourselves an innate courtesy and consideration for others. Many an order from abroad is now being lost by American firms through bluntness or inattention to the mannerisms of foreign merchants. Courtesy may be the office and business rule of all those here present, but there are constant newcomers to the staff upon whom it should be impressed. If he be from our own sunny Southland, however, that quality is not apt to be lacking, and I would that the chivalrous spirit of our Southern people might thoroughly permeate all business life. After all is said it is a very humdrum, cold-hearted affair if we live for nothing but to drive the best bargain with either the foreign or domestic customer. This is another fertile field where the chamber of commerce has turned the first furrow and is promoting friendly business intercourse and a healthy interest in the other fellow or firm.

## SHORT POSTAGE

Adverting to the subject of correspondence I fear that Cleveland (Continued on page 15.)



## Principles of Foreign Trade

(Continued)

would not be exempt from the universal complaint from abroad about short postage on letters from the United States. The consuls so frequently call attention to the bad impression which it causes in the minds of the foreign merchant who is compelled to pay double penalty postage that we occasionally publish their statements. I am happy to say that the packing of American goods for foreign markets has greatly improved. Possibly our efforts toward that end have helped, but apparently no improvement has followed in the simpler matter of the proper postage. Specific statements have even been made by our consuls in various countries that firms in the United States which were advised of short postage letters from them, promptly apologized and promised that it would never happen again, but the apology itself bore only a 2 cent stamp. We are, therefore, at a loss to know how to overcome this obstacle to foreign trade. Perhaps the Cleveland Chamber of Commerce would cooperate by devising a remedial plan which will correct the evil and change the impression abroad that we are a careless nation.

## CARD INDEX SYSTEM

There is one phase of foreign trade planning of the utmost value to new firms entering therein. You all know of the modern card index and card reference system, which has been highly developed in some business houses. Some have not yet obtained from it all the benefits which it offers either in domestic or foreign trade. You are invited to inspect the comprehensive card reference system that has been developed in the Bureau of Foreign and Domestic Commerce at Washington. We are rather proud of its thoroughness and of its practical value in helping you commercially. We have many of you manufacturers classified, where you do business, where you want to expand, and in what lines you want our help. You will realize that the number and diverse interests of manufacturers of the United States are something enormous. It would, therefore, be a haphazard method when we obtained a choice bit of information about a trade opening if we had no card references, but simply trusted to memory, and said, "Now we know that this will interest John Smith & Co., while it may also possibly help Jones & Wilson and the National Manufacturing Co." When the Bureau was young and weak we lacked this equipment and we were so much hampered thereby that very little could be accomplished. But we have not finished building that card reference system at the Bureau, and with its further growth our efforts in your behalf will become still more fruitful. The carding of information is a very large part of preparedness for business.

## INSURANCE OF KNOWLEDGE

Probably every one of you can recall what a loss certain business concerns have sustained through the death or resignation of an important official. His fund of knowledge was wonderful, his recollection of detail was invaluable, which made his mental storehouse a tangible asset to the company. Recourse has even been made to insuring his life. A business house will do much better if it will insure the possession and preservation of the major part of that accumulated knowledge. The best storehouse for it is the card reference system, which places it automatically at hand for every emergency, and every forward

step. In a large concern where it has not been developed I would suggest that the card index system be made most extensive, a running diary in fact of all the phases of transactions within and without. Take the item of coal and power for example. The books may show only certain statistical commercial facts, but the cards would show all the different events in the purchase and use of that coal, the varying thermal units developed, the daily power load, amounts wasted and by what departments, experiences with engineers and firemen, etc. The books show in detail transactions with a certain customer, and the letter files show the correspondence with him, but without card references there is no record of the very important conferences with him and the many events in that business relationship, nor of the customer's special interests or hobbies. A new man comes into a concern as business manager and lack of knowledge of these things handicaps him and also causes him to lose valuable customers. Speaking of hobbies you know every man has one, and if a good buyer is down on his reference card as an enthusiast on tulips or orchids a dollar or two spent on something new in those lines and the article sent to him with a brief kindly note, it will be of much more benefit than to send him a bushel of advertising paper weights and calendars. The giving of expensive presents to secure orders is reprehensible, but small tokens of real appreciation and interest, even though it may be simply a booklet or newspaper clipping concerning a subject in which the other fellow is deeply interested, is both appropriate and helpful in trade getting. It also lessens and beautifies our otherwise prosaic and sordid bartering existence.

## GENUINE INTEREST IN CUSTOMERS

Applying this thought to foreign trade, say there were sent along with a first bill of door knobs and hinges to a Melbourne dealer who had a sheep ranch, as a side interest, a new Government bulletin on Sheep Raising in the United States, it would go a long way toward making him a permanent customer. Pope's moral essay of: "This education forms the common mind; just as the twig is bent the tree's inclined," is fully applicable in business beginnings as in the primary school. As to the latter we are really still in the primary school of foreign commerce. I would not want to enter the export trade without procuring the largest wall map of the world procurable, or preferably making one in outline. There is not needed the mariner's compass nor a record of the lighthouses and ocean currents, but one does need to know the shoals of business venture and the channels of traffic. That map might be charted in colorings to indicate trade in or barrenness of prospects, aggregated purchases of such goods as one makes, an estimate of what share one should have—as a goal to attain—and much other data. In front of the map there would be a card system classifying in detail all the facts that should be considered with relation to the various countries and markets. The weather is a common topic of our conversation, yet few realize what consideration should be given in trade calculations to meteorology. The piano manufacturer has learned simply by costly experience that ordinary glue will not hold his instrument together, in the humid Tropics. Hence I would card everything concerning Sir Jupiter Pluvius, and the hot blasts from the desert, likewise all the other thousand and one fundamental factors and

trade fantasies of the foreign markets. Our consular reports seek especially to convey practical pointers. This card index system should never cease growing.

## SOUTH AMERICAN TOUR COSTS

I have a case in mind from which I would like to draw a little lesson along these lines. You are probably familiar with the fact that it takes about 12 months and costs about \$5,000 for a commercial traveler to make a tour of South America, visiting simply the coastal cities. A year or more ago we had a visitor who stated that he had been closely studying our consular and commercial agents reports on South America and had acquired a vast fund of information thereby for the purpose of entering that field. He then made the round of the Latin American cities and brought back a nice lot of initial orders. In summing up the history of the case he stated to the Bureau of Foreign and Domestic Commerce that the advance information which we had supplied had been worth \$5,000 to him, which represented what he would have had to spend on an initial scouting tour. In other words he accomplished on his first trip what he would otherwise have only accomplished on the second. He did very well indeed, and it was wise for him in advance to store in his mind all that knowledge about the prospective market. But he should also have carded all that data and special information of value to his concern, so that any one else could take up the work should circumstances prevent him from going ahead with it. This factor of continuation of efforts and the use of accumulated experience is capable of wonderful expansion.

The subject of foreign trade has too many angles to be measured in one brief discussion, hence but one more. I fear that too many Americans now engaged in exporting are Complacent instead of Vigilant. A few illustrations will best make this point clear.

## VIGILANCE VS. COMPLACENCY

One of our consuls in Europe reports that a certain American manufacturer leads in the sale of bathtubs in his consular district. They are bought outright by the local jobber, who thus commands the trade. The local jobber is now preparing to erect a bathtub factory of his own, and the American manufacturer will shortly lose his entire trade in that region. This is a case of complacency and satisfaction over the receipt of nice foreign orders where had there been vigilance in the selection and oversight of the sales agency the American manufacturer would have been in command of the situation. An established permanent trade is the thing ever to keep in view.

One of our commercial agents just returned from the Far East discovered that an American manufacturer of canned goods which had largely lost its trade in one country, still engaged the largest sale on another important market. However, the commercial agent learned that the jobber through whom all this nice trade is now being handled was negotiating to switch this entire trade to a competing European canned goods concern. It would seem possible in building up a market for American goods in foreign countries to better safeguard what has been accomplished.

Various American manufacturers have written to our Bureau that their trade marks had been violated in some foreign countries, and that competing goods bearing the same design were displacing their products. It trans-

pired that they had failed to register their trade marks thoroughly abroad. There is little trouble on this score if the firm be vigilant.

That thoroughness is essential in seeking foreign markets I think we will all agree. The main difficulty probably lies in the fact that the domestic market sometimes is so pressing in its demands and in its problems that we are liable to let the foreign trade drift, accepting what is offered. Hence I hope a change will come, and that every American firm entering the foreign trade will give to it the utmost care and attention.

## Short Postage Letters

IN the article by Mr. Donaldson will be noted references to short postage paid on communications to foreign countries. The Secretary of State recently received a letter from the Vice-Consul in charge at Kingston, Jamaica, relative to the amount of unpaid postage for Kingston and other offices in Jamaica on the letters received from the United States during the period from March 4 to 31. During that time the total amount of unpaid postage on mail from the United States represented \$251.50.

In a communication from A. H. Baldwin, Chief of the Bureau of Foreign and Domestic Commerce, he also refers to the fact that much mail matter leaving the United States is short paid. In his letter he makes this important statement: "A firm may spend thousands of dollars in working up foreign business and lose a part of its trade in some foreign country on account of the negligence of a mailing clerk in its own office."

In the Daily Consular and Trade Reports for July 2, 1914, to which Mr. Baldwin draws attention, appears the following communication from Consul Magelssen of Melbourne, relative to short postage letters in Australia:

## SHORT-POSTAGE LETTERS IN AUSTRALIA

With reference to the subject of insufficient postage, or short-paid letters, from the United States, the following note has been received from Hon. G. H. Knibbs, Commonwealth Statistician:

## AMERICAN CONSUL, Melbourne:

May I mention that every American mail brings large numbers of United States letters insufficiently stamped? It is the only country that puts insufficient postage on its letters. I have had to take steps to end this kind of thing. Have you any idea why it is?

Yours very truly,

(Signed) G. H. KNIBBS.

This matter of short-paid postage is one that would seem to merit the serious attention of manufacturers and others having relations with Australia. I am advised by leading firms that a large number of American letters are not taken delivery of here for the reason of insufficient postage. The widest publicity should be given throughout the United States to the fact that a letter postage to Australia is 5 cents for first ounce or fraction thereof, and 3 cents for each additional ounce or fraction thereof. Double or penalty charges are collected from the receiver for any shortage in postage.

In addition to the quotation made above from Mr. Baldwin's letter, he makes the following comments relative to Mr. Magelssen's report:

"The Bureau would appreciate very much the cooperation of your Chamber in bringing the importance of this matter to the attention of interested persons in this country and it is suggested that, if deemed practicable, you request the aid of boards of trade and similar associations in various states in the United States, with a view to bringing the matter especially to the attention of manufacturers and merchants in their respective districts. It seems very probable that the majority of these complaints are due directly to carelessness on the part of office clerks, and other minor employees who are entrusted with mail, and this point might be emphasized."

# Efforts and Activities of Commercial Organizations

## Society for Testing Materials

### Detailed Committee Research

**T**HE following statements relative to the technical committees of the American Society for Testing Materials are included in *THE NATION'S BUSINESS* in order to indicate a perfect type of co-operative service in technical fields. By means of the various committees and sub-committees of the Society, and their researches, American business is greatly aided.

The technical committees of the American Society for Testing Materials are divided into five main groups as follows: (1) Ferrous metals; (2) Non-ferrous metals; (3) Cement, lime and clay products; (4) Miscellaneous materials; (5) Miscellaneous subjects.

#### FERROUS METALS

Under the general division "Ferrous metals," the Committee on Standard Specifications for Steel has thirteen sub-committees dealing with (a) steel rails and splice bars; (b) structural steel for bridges and buildings; (c) structural steel for ships; (d) spring steel; (e) steel reinforcement bars; (f) steel forgings and billets; (g) rolled steel wheels and steel tires; (h) steel castings; (i) steel tubing and pipe; (j) automobile steels; (k) boiler and structural steel for locomotives; (l) methods of chemical analyses; (m) literary form.

The Committee on Standard Specifications for Wrought Iron has five sub-committees:—(a) tubes and pipe; (b) merchant bar iron; (c) stay-bolt and engine-bolt iron; (d) plates and shapes; (e) chain iron and iron chain.

The Committee on Standard Specifications for Cast Iron and Finished Castings has nine sub-committees: (a) pig iron; (b) pipe; (c) cylinders; (d) cart wheels; (e) malleable castings; (f) general castings; (g) testing cast iron; (h) influence of special materials added to cast iron; (i) microstructures of cast iron.

Other committees under the general head of "Ferrous metals" are: (a) Heat Treatment of Iron and Steel; (b) Corrosion of Iron and Steel; (c) Magnetic Testing of Iron and Steel; (d) Tempering and Testing of Steel Springs; (e) Standard Specifications for Cold-Drawn Steel; (f) Hardness tests.

#### NON-FERROUS METALS

In the division of non-ferrous metals there are the following committees: (a) Standard Specifications for Copper Wire; (b) Non-ferrous Metals and Alloys. This committee in turn has sub-committees as follows: (1) pure metals in ingot form; (2) wrought metals and alloys; (3) sand-cast metals and alloys; (4) white metals—tin, lead, or zinc base.

#### CEMENT, ETC., PRODUCTS

In the division, Cement, lime, and clay products, there are the following committees: (a) Standard Specifications for Cement; (b) Reinforced Concrete; (c) Standard Specifications for Brick; (d) Standard Specifications and tests for Clay and Cement Sewer Pipes; (e) Fireproofing Materials; (f) Standard Tests and Specifications for Drain Tiles; (g) Standard Specifications for Lime.

#### MISCELLANEOUS MATERIALS

In the division "miscellaneous materials" there are committees as follows: (a) Preservative Coatings for Structural Materials; (b) Standard Tests for Lubricants; (c) Standard Tests for Road Materials; (d) Standard Specifications for Coal; (e) Standard Specifications for Coke; (f) Standard Specifications for Grading Structural Timber; (g) Waterproofing Materials; (h) Standard Tests of Insulating Materials; (i) Standard Specifications for Rubber Products; (j) Petroleum Products. Of the preceding committees, the following have sub-committees:

The Committee on Preservative Coatings for Structural Materials: (1) advisory committee; (2) inspection of Havre de Grace bridge; (3) testing of paint vehicles; (4) inspection of steel plates at Atlantic City; (5) linseed oil; (6) definitions of terms used in paint specifications; (7) influence of pigments on corrosion; (8) methods of analysis of paint materials; (9) varnish; (10) inspection of the white paint test fence at Washington, D. C.; (11) paint thinners other than turpentine; (12) turpentine.

The Committee on Standard Tests for Road Materials has sub-committees as follows: (1) bituminous road and paving materials; (2) non-bituminous road and paving materials; (3) nomenclature of bituminous materials.

The Committee on Standard Specifications for Rubber Products has the following sub-committees: (1) air hose; (2) belting; (3) cold water hose; (4) floor covering; (5) insulated wire; (6) packings, gaskets and pump valves; (7) steam hose.

#### MISCELLANEOUS SUBJECTS

Under the heading of "Miscellaneous Subjects" several committees serve; the most notable of which are (a) standard methods of testing; (b) methods of sampling and analysis of coal.

The objects of the American Society for Testing Materials, as broadly stated in its Charter, are "the Promotion of Knowledge of the Materials of Engineering, and the Standardization of Specifications and Methods of Testing." The Society has existed under its present name and charter since 1902, superseding the American Section of the International Association for Testing Materials which was organized in 1898. Throughout its existence the Society has been affiliated with the International Association for Testing Materials which had its origin in a conference held in Munich in 1882. The International Association holds Congresses triennially. Thus far six such Congresses have been held. The Sixth Congress was held in New York City in September, 1912, and the Seventh Congress will be convened in St. Petersburg, in 1915. The Proceedings of these Congresses are published in English, German and French.

Membership in the American Society for Testing Materials may be held by an individual, a corporation, a firm, a technical or scientific society, a teaching faculty, or a library. The total membership is now 1700.

## Agricultural Exhibits

**I**N the last issue of *THE NATION'S BUSINESS* a question was included relative to those organizations that had installed and maintained permanent exhibits. Replies have been received from the Chamber of Commerce of Portland, Oregon, which maintains a permanent exhibit and information bureau at heavy expense; and from the Commercial Club of Helena, Montana, which maintains exhibits at slight expense. Both these communications will be found interesting.

### Helena Commercial Club

"The Helena Commercial Club has installed and maintains four exhibits of this nature, namely, the State Agricultural exhibit, occupying the walls and ceiling of a room 30 x 90 feet, an industrial exhibit occupying two sides of a room 30 x 60 feet, an agricultural exhibit for Lewis and Clark County arranged over the industrial exhibit, and a mining exhibit of all ores found in the Helena Mining District.

The cost of the state exhibit up to the present time including the construction of false wooden walls and ceiling has been approximately \$1,500 and the maintenance of it will average about \$150.00 per year. This expense is borne by the general fund of the Club. The glass front cases in the industrial exhibit cost \$200.00 each, including electric lighting, making a total of \$200.00. The cost of the cases is paid by the individual firm or corporation using them and a care rental of \$3.00 each per year is charged. The cost of the County agricultural exhibit is approximately \$200.00, paid out of the general fund of the Club. The cost of the mining exhibit including large cases was approximately \$500.00, paid out of the general fund of the Club.

We would not be without these exhibits for the reason that they illustrate in a concrete and beautiful form the resources of our State in a way that impresses them upon the minds of investigators and investors that has in a large number of cases produced most excellent results."

L. M. RHEEM,

Secretary-Manager.

### Portland Chamber of Commerce

"We maintain a permanent exhibit and information bureau in the Chamber of Commerce as a part of the general organization. We do not keep the accounts of the permanent exhibit and information bureau separate as it is all carried under one head, and it costs an average of about \$4,000.00 a year to take care of it; the original cost of installation about \$7,500.00 which consisted of the purchase price of jars, pyramids, tables, etc., and the cost of processing fruits, vegetables and flowers.

This is not a large feature of our work, but the exhibit is visited probably by about two thousand people a month. We do not trace results but simply maintain this for the benefit of people intending to locate in Oregon."

E. C. GILTNER,

Secretary.

The accompanying illustration is part of the exhibit in Helena, Montana. Those secretaries who have been to trouble and expense in installing displays of agricultural products will be impressed with the shape and appearance of the sheaves in this il-

## A Secretary Honored

In recognition of his "making larger and higher standards for chambers of commerce throughout the country," on June 24 Oberlin College conferred the degree of Master of Arts on Munson Havens, Secretary of the Cleveland Chamber of Commerce.

## A State Creed

**T**HE following impressive creed is being used throughout Vermont by the Greater Vermont Association:—

We Believe in Vermont: in the Glory of her Mountains and the Richness of her Valleys; in the Beauty and the Power of her Lakes and her Scenery.

We Believe in the People of Vermont; in their Honor and their Vigor; in their Passion to Begin, their Steady Resolution to Complete Large Affairs in Peace and War.

We Believe in the name Vermont, Forever Symbol of the Best in Fruits of Field and Arts of Shop and Gifts of Mine, in Men and the Deeds Men Do.

We Pledge that by Thought and Act We will Magnify Our State and the Life of our People; Bind Our Scattered Valleys with Easy Roads, and with Inviting Paths through Mountain Fastnesses; Put our Streams to Labor that Our Sons may work at home; Aid Nature with such Wise Skill that far-distant Peoples may share her Bounties; Open with Welcoming Hospitality the Pleasures of Our Land to all who Seek New Life in Body and in Mind.

We Pledge that, as Our Fathers won Freedom, so We and Our Children will win Perfect Unity for the People of Our State, make the Common Life ever Richer in its Rewards, and render ever Larger Service to the Nation with which Vermont has cast her lot.

## A Good Idea

The Merchants and Manufacturers Association of Augusta, Ga., is preparing to place an industrial manager in the field. Instead of having him located in Augusta and working from that point, it is proposed that this industrial manager shall perform his services part of the time in the east and at other times in the middle-west in order to look after the affairs of the association in such territories.

## Vermont Industries

July 15 will be "Industries Day" throughout the State of Vermont. This is a day during which the manufacturers will hold open house for visitors and will be at home to the members of the commercial and civic organizations of their communities. The idea is that every citizen should become a well informed and intelligently enthusiastic advertiser for his home industries.

These sheaves are made in the Rheem Sheafmold, invented by George S. Rheem. Secretaries who are interested can secure particulars regarding this sheafmold from L. M. Rheem, Secretary-Manager of the Helena Commercial Club.



EXHIBIT IN HELENA, MONTANA.